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CONFERENCE OF THE PARTIES

Seventh session

Marrakesh, 29 October - 9 November 2001

Item 2 (c) of the provisional agenda

**PROVISIONAL AGENDA**

**Note by the Executive Secretary**

**I. INTRODUCTION**

1. The provisional agenda<sup>1</sup> for the seventh session of the Conference of the Parties has been drafted by the Executive Secretary in agreement with the President, in accordance with rule 9 of the draft rules of procedure, being applied.<sup>2</sup>

2. This provisional agenda is guided by the assumption that the Conference would wish to focus on the adoption of the package of decisions emanating from the "Bonn Agreements on the implementation of the Buenos Aires Plan of Action" of 23 July 2001 (decision 5.CP.6). Consequently, certain topics which would normally figure as distinct items on the provisional agenda of the Conference are treated on this occasion as part of that package under item 3.

3. It is also expected that the Conference will refer most other items to the subsidiary bodies for consideration and the formulation of recommendations for adoption by the Conference. The items that are indicated with an asterisk (\*) are expected to be referred to the Subsidiary Body for Implementation, and the item that is indicated with two asterisks (\*\*) is expected to be referred to the Subsidiary Body for Scientific and Technological Advice.

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<sup>2</sup> The annotations to the provisional agenda are contained in document FCCC/CP/2001/6/Add.1.

<sup>1</sup> See document FCCC/CP/1996/2.

## II. PROVISIONAL AGENDA

1. Opening of the session:
  - (a) Statement by the President of the Conference at its sixth session;
  - (b) Election of the President of the Conference at its seventh session;
  - (c) Statement by the President;
  - (d) Addresses of welcome;
  - (e) Statement by the Executive Secretary.
2. Organizational matters:
  - (a) Status of ratification of the Convention and its Kyoto Protocol;
  - (b) Adoption of the rules of procedure;
  - (c) Adoption of the agenda;
  - (d) Election of officers other than the President;
  - (e) Admission of organizations as observers;
  - (f) Organization of work, including the sessions of the subsidiary bodies;
  - (g) Date and venue of the eighth session of the Conference of the Parties;<sup>\*</sup>
  - (h) Calendar of meetings of Convention bodies, 2005-2007;<sup>\*</sup>
  - (i) Adoption of the report on credentials.
3. Implementation of the Buenos Aires Plan of Action: adoption of the decisions giving effect to the Bonn Agreements:
  - (a) Completed decisions forwarded for adoption;<sup>2</sup>

<sup>\*</sup> These decisions are entitled: Capacity-building in developing countries (non-Annex I Parties); Capacity-building in countries with economies in transition; Development and transfer of technologies (decisions 4 CP.4 and 9 CP.5); Implementation of Article 4, paragraphs 8 and 9 of the Convention (decision 3 CP.3, and Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol); Additional guidance to an operating entity of the financial mechanism; Funding under the Convention; Activities implemented jointly under the pilot phase; Matters relating to Article 3, paragraph 14 of the Kyoto Protocol; Funding under the Kyoto Protocol; and Impact of single projects on emissions in the commitment period (decisions 6 CP.4 and 13 CP.5). The texts of these decisions are contained in the report of the Conference of the Parties at the second part of its sixth session (see FCCC/CP.2001/5/Add.1).

- (b) Draft decisions forwarded for elaboration, completion and adoption;<sup>3</sup>
- (i) National systems, adjustments and guidelines under Articles 5, 7 and 8 of the Kyoto Protocol;
  - (ii) Land use, land-use change and forestry;
  - (iii) Work programme on mechanisms (decisions 7/CP.4 and 14/CP.4);
  - (iv) Procedures and mechanisms on compliance under the Kyoto Protocol;
  - (v) "Good practices" in policies and measures.
4. Input to the World Summit on Sustainable Development.\*
5. Third Assessment Report of the Intergovernmental Panel on Climate Change.\*\*
6. Report of the Global Environment Facility to the Conference of the Parties.\*
7. Second review of the adequacy of Article 4, paragraph 2 (a) and (b), of the Convention.<sup>4</sup>
8. Proposals to amend the lists in Annexes I and II to the Convention.\*
- (a) Proposal to amend the lists in Annexes I and II to the Convention by removing the name of Turkey: review of information and possible decisions under Article 4, paragraph 2 (f).
  - (b) Amendment proposed by Kazakhstan: to add Kazakhstan to the list in Annex I.

<sup>3</sup> The texts of these draft decisions are contained in the report of the Conference of the Parties at the second part of its sixth session (see FCCC/CP.2001/5/Add.2).

<sup>4</sup> Following the inability of the Conference of the Parties at its fifth session to reach any conclusion on this matter (FCCC/CP.1999/6, para. 18), and following rule 10 (c) and rule 16 of the draft rules of procedure being applied, an item entitled "Second review of the adequacy of Article 4.2(a) and (b) of the Convention" was included in the provisional agenda for the sixth session. Attached to this item was a footnote reflecting a proposal made at the fifth session by the Group of 77 and China to amend this item to read "Review of the adequacy of implementation of Article 4, paragraph 2 (a) and (b) of the Convention". At the first part of its sixth session, the Conference of the Parties decided to include this item in the provisional agenda for its seventh session (see FCCC/CP.2000/5/Add.1, paras. 33-35).

9. Matters relating to national communications under the Convention:<sup>5</sup>
  - (a) National communications from Parties included in Annex I to the Convention;
  - (b) National communications from Parties not included in Annex I to the Convention.
10. Programme budget for the biennium 2002-2003.\*
11. Reports of subsidiary bodies and decisions and conclusions arising therefrom:
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  - (b) Report of the Subsidiary Body for Implementation.
12. Statements:
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  - (b) Statements by Observer States;
  - (c) Statements by intergovernmental organizations;
  - (d) Statements by non-governmental organizations.
13. Other matters.
14. Conclusion of the session:
  - (a) Adoption of the report of the Conference of the Parties on its seventh session;
  - (b) Closure of the session.

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<sup>5</sup> Decisions or conclusions on this item will be recommended by the appropriate subsidiary body.



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Seventh session  
Marrakesh, 29 October - 9 November 2001  
Item 2 (c) of the provisional agenda

## PROVISIONAL AGENDA

### Note by the Executive Secretary

#### Addendum

## ANNOTATIONS TO THE PROVISIONAL AGENDA

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*The annotations to the provisional agenda for the seventh session of the Conference of the Parties were completed after consultations with the Bureau of COP 6. Please note that the documents for each item of the provisional agenda are listed in the text box below the corresponding annotation where these are known at the time of writing.*

## **1. Opening of the session**

1. The Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) will hold its seventh session from 29 October to 9 November 2001, at the Palais des Congrès, Marrakesh, Morocco. The session will open at 10 a.m. on Monday, 29 October 2001.

2. Pursuant to rule 26 of the draft rules of procedure being applied,<sup>1</sup> the session will be opened by the President of the Conference of the Parties at its sixth session (COP 6), His Excellency Mr. Jan Pronk, Minister of Housing, Spatial Planning and the Environment of the Netherlands.

### **(a) Statement by the President of the Conference at its sixth session**

### **(b) Election of the President of the Conference at its seventh session**

3. Draft rule 22 of the draft rules of procedure being applied, specifies that the office of the President of the Conference is subject to rotation among the five regional groups. The President of COP 6 will call for the election of His Excellency Mr. Mohamed El Yazghi, Ministre de l'Aménagement du Territoire, de l'Urbanisme, de l'Habitat et de l'Environnement (Morocco) as President of the Conference of the Parties at its seventh session (COP 7).

### **(c) Statement by the President**

### **(d) Addresses of welcome**

### **(e) Statement by the Executive Secretary**

## **2. Organizational matters**

### **(a) Status of ratification of the Convention and its Kyoto Protocol**

4. **Background:** The Conference will have before it a status report on the ratification of the Convention, including the declarations made under Article 4, paragraph 2 (g). This report will confirm which States are Parties to the Convention and are therefore eligible to participate in decision-making. The number of Parties will total 186 during COP 7, including 185 States and one regional economic integration organization. The COP will also have before it in the same document a status report on the signature and ratification of the Kyoto Protocol. It has already received 36 instruments of ratification or accession.

5. **Action:** The COP will be invited to take note of the information contained in the document and invite Parties to expedite their ratification or accession to the Kyoto Protocol.<sup>2</sup>

<sup>1</sup> See document FCCC/CP/1996/2.

<sup>2</sup> No provision is made for statements under this sub-item. Relevant information may be communicated in statements made under other items or in writing to the secretariat.

The COP may also wish to invite Parties to provide to the secretariat any information regarding the expected timing of their ratification of the Kyoto Protocol.

FCCC/CP/2001/INF.3

*Status of ratification of the United Nations Framework  
Convention on Climate Change and its Kyoto Protocol*

**(b) Adoption of the rules of procedure**

6. **Background:** Article 7, paragraph 2 (k), of the Convention specifies that the COP "shall agree upon and adopt, by consensus, rules of procedure ... for itself and for any subsidiary bodies". After being unable to adopt its rules of procedure at previous sessions, the COP decided to apply the draft rules with the exception of draft rule 42 on voting.<sup>3</sup> It also requested its successive Presidents to conduct consultations on the matter. The President of COP 6 informed the Conference that he intended to undertake further consultations with a view to achieving resolution on this matter.

7. **Action:** At the beginning of the session, the President of COP 6 will present an oral report on his consultations. In the absence of consensus, the COP may wish to decide to continue applying the rules of procedure contained in document FCCC/CP/1996/2. The COP may also wish to invite the President of COP 7 to undertake consultations to try to achieve adoption of the rules.

FCCC/CP/1996/2

*Organizational matters. Adoption of the rules of procedure*

**(c) Adoption of the agenda**

8. **Background:** Draft rule 9 specifies that "in agreement with the President, the secretariat shall draft the provisional agenda of each session" of the COP. In this context, the Executive Secretary, in agreement with the President of COP 6, has drafted the provisional agenda for COP 7, taking into account the views expressed by Parties during informal consultations conducted by the Chairman of the Subsidiary Body for Implementation (SBI) at its fourteenth session and by members of the Bureau of COP 6.

9. This provisional agenda is guided by the assumption that the Conference would wish to focus on the adoption of the package of decisions emanating from "The Bonn Agreements on the implementation of the Buenos Aires Plan of Action" of 25 July 2001 (decision 5/CP.6). Consequently, certain topics which would normally figure as distinct items on the provisional agenda of the Conference are treated on this occasion as part of that package under item 3.

10. It is also expected that the Conference will refer most other items to the subsidiary bodies for consideration and the formulation of recommendations for adoption by the Conference. Those items that are indicated with a single asterisk (\*) are expected to be referred to the Subsidiary Body for Implementation (SBI), and the item that is indicated with two asterisks (\*\*)

<sup>3</sup> See documents FCCC/CP/1995/7, paragraph 10; FCCC/CP/1995/15, paragraph 15; FCCC/CP/1997/7, paragraph 21; FCCC/CP/1998/16, paragraph 11; FCCC/CP/1999/6, paragraph 14; and FCCC/CP/2000/5/Add.1, paragraph 30. The draft rules have been similarly applied, *mutatis mutandis*, to the subsidiary bodies.

is expected to be referred to the Subsidiary Body for Scientific and Technological Advice (SBSTA) (see paragraph 22 below).

11. Further consideration of the multilateral consultative process is not included but will be taken up at a future session in the light of the relevant outcomes of COP 7.

12. **Action:** The COP will be invited to consider and adopt the agenda for COP 7.

FCCC/CP/2001/6

*Provisional agenda*

FCCC/CP/2001/6/Add.1

*Provisional agenda. Addendum. Annotations to the provisional agenda*

**(d) Election of officers other than the President**

13. **Background:** Draft rule 22 provides that "at the commencement of the first meeting of each ordinary session, a President, seven Vice-Presidents, the Chairmen of the subsidiary bodies established by Articles 9 and 10 of the Convention, and a Rapporteur shall be elected from among the representatives of the Parties present at the session. They will serve as the Bureau of the session. Each of the five regional groups shall be represented by two Bureau members and one Bureau member shall represent the small island developing States. The offices of President and Rapporteur shall normally be subject to rotation among the five regional groups". This rule further states that "no officer may serve on the Bureau for more than two consecutive terms of one year".

14. The President of COP 7 will be elected at the first plenary meeting, on Monday, 29 October 2001. At COP 6 (part two), the President of COP 6 began consultations with regional group coordinators on the Bureau of COP 7, with the aim of advising the future President of COP 7 on the election of the other members of the Bureau. There will be a report on the outcome of these consultations. Further consultations will be held during the session.

15. Draft rule 27, paragraph 6, provides that "each subsidiary body shall elect its own Vice-Chairman and Rapporteur." However, if there is agreement on the nominations for these officers of the subsidiary bodies, they may also be elected directly by the Conference in plenary session.

16. **Action:** The COP will be invited to elect the members of the Bureau of COP 7 other than the President after consultations have been completed. The Conference may wish to consider electing the Vice-Chairmen and Rapporteurs of the subsidiary bodies.

**(e) Admission of organizations as observers**

17. **Background:** Article 7, paragraph 6, of the Convention states, *inter alia*, that "any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by the Convention, and which has informed the secretariat of its wish to be represented at a session of the Conference of the Parties as an observer, may be so admitted unless at least one third of the Parties present object." Following the established procedure, the secretariat will invite those intergovernmental and non-governmental

organizations accorded observer status at previous sessions of the Conference to attend COP 7. The procedure for admission to the Conference will apply only to new applicants for observer status. The Conference will have before it a document containing the list of organizations recommended by the Bureau for admission as observers.

18. **Action:** The COP will be invited to consider and approve this list of organizations seeking admission as observers.

FCCC/CP/2001/7

*Organizational matters. Admission of observers  
intergovernmental and non-governmental organizations*

**(f) Organization of work, including the sessions of the subsidiary bodies**

19. **Background:** The seventh session of the Conference of the Parties will meet in conjunction with the fifteenth sessions of the subsidiary bodies (see paragraph 23 below). The work of the session is expected to focus on the completion and adoption of the package of decisions giving effect to "The Bonn Agreements on the implementation of the Buenos Aires Plan of Action" of 25 July 2001 (decision 5/CP.6).

20. At its first plenary meeting, on the morning of Monday, 29 October, the Conference will take up item 1 of the provisional agenda, "Opening of the session". The meeting will begin with a statement by the President of COP 6 to be followed by the election of the President of COP 7. Thereafter there will be statements by the President, representatives of the host country and the Executive Secretary.

21. The Conference is then expected to deal with a number of procedural and substantive matters, including the adoption of the agenda and the organization of work of the session. A tentative approach to the scheduling of meetings is contained in annex I below, and the list of documents in annex II below.

22. In adopting its agenda, the Conference is expected to refer a number of items to the subsidiary bodies for consideration and the formulation of recommendations for adoption by the Conference. Those items on the provisional agenda that are indicated with a single asterisk (\*) are expected to be referred to the Subsidiary Body for Implementation (SBI), and the item that is indicated with two asterisks (\*\*) is expected to be referred to the Subsidiary Body for Scientific and Technological Advice (SBSTA). Following consultations with the Bureau of COP 6, however, it is proposed that item 4 of the provisional agenda, "Input to the World Summit on Sustainable Development", which was expected to be referred to the SBI for its consideration, be taken up in the plenary of the COP (see paragraphs 44 to 47 below).

23. The subsidiary bodies will be convened under their serving chairmen after the opening meeting of the Conference plenary. They will attempt to finalize as many issues as possible, including matters referred by the COP for recommendation, and develop draft decisions and conclusions for submission to the Conference before their sessions end on Tuesday, 6 November. No joint meetings of the subsidiary bodies are planned. The provisional agendas for the fifteenth sessions of the subsidiary bodies are contained in documents FCCC/SBI/2001/10 and FCCC/SBSTA/2001/3.

24. In order to complete work on the outstanding decisions under item 3 of the provisional agenda, the Conference will be invited to continue the relevant negotiating groups used at the second part of the sixth session, under the same co-chairmen (see FCCC/CP/2001/5, paras. 27 and 35). Most work is required on the draft decisions on the "Work programme on mechanisms", "Procedures and mechanisms relating to compliance under the Kyoto Protocol" and "National systems, adjustments and guidelines under Articles 5, 7 and 8 of the Kyoto Protocol". The negotiating groups would be mandated to recommend draft decisions to the COP for adoption (see paragraphs 39 to 43 below).

25. The high-level segment of the Conference will be held from Wednesday, 7 November to Friday, 9 November. It will involve the resolution of any outstanding issues, under the guidance of the President. His Majesty Mohammed VI, King of Morocco will address the high-level segment. Ministers and senior officials will deliver short policy statements on Wednesday, 7 November.

26. The scheduling of meetings during the session is based on the availability of conference-servicing facilities during normal working hours. Given the heavy workload of the session, provision has been made for holding two simultaneous meetings, with full interpretation facilities, in the mornings and afternoons of the entire period when the subsidiary bodies and the negotiating groups are meeting, including Saturday, 3 November. It is also anticipated that either formal or informal meetings will be held every evening.

27. **Action:** The Conference will be invited to agree upon the organization of the session, including the proposed schedule of meetings, and to encourage the President of the Conference to conclude all negotiations by the close of business on Thursday, 8 November. It will also be necessary to decide on the time limit proposed for the statements under item 12 of the provisional agenda (see paragraphs 68 to 71 below).

|                             |                                                                                                                 |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------|
| <i>FCCC/CP/2001/6</i>       | <i>Provisional agenda. Note by the Executive Secretary</i>                                                      |
| <i>FCCC/CP/2001/6/Add.1</i> | <i>Provisional agenda. Note by the Executive Secretary.<br/>Addendum. Annotations to the Provisional agenda</i> |
| <i>FCCC/SBI/2001/10</i>     | <i>Provisional agenda and annotations</i>                                                                       |
| <i>FCCC/SBSTA/2001/3</i>    | <i>Provisional agenda and annotations</i>                                                                       |

**(g) Date and venue of the eighth session of the Conference of the Parties**

28. **Background:** Draft rule 3 specifies that "the sessions of the Conference of the Parties shall take place at the seat of the secretariat, unless the Conference of the Parties decides otherwise or other appropriate arrangements are made by the secretariat in consultation with the Parties." Draft rule 4, paragraph 2, states that "at each ordinary session, the Conference of the Parties shall decide on the date and duration of the next ordinary session." A decision on the date and venue of COP 8 is therefore required at COP 7. The Conference has already agreed on

the dates for the second sessional period in 2002, 28 October to 8 November 2002, which will be the dates of COP 8.<sup>4</sup>

29. At the time of writing, no offer has been received by the secretariat from a Party wishing to host COP 8. Parties wishing to host COP 8 are invited to submit their offers as soon as possible.

30. **Action:** The COP will be invited to refer this item to the SBI for its consideration and recommendation of a decision on the date and venue of COP 8 for adoption by the Conference.

**(h) Calendar of meetings of Convention bodies, 2005 – 2007**

31. **Background:** At the first part of its sixth session the COP adopted the calendar of meetings of Convention bodies for 2000 - 2004.<sup>5</sup>

32. **Action:** The COP will be invited to refer this item to the SBI for its consideration and recommendation of a decision on the calendar of meetings of Convention bodies, 2005 to 2007, for adoption by the Conference.

**(i) Adoption of the report on credentials**

33. **Background:** Draft rule 19 specifies that the credentials of representatives of Parties, as well as the names of alternate representatives and advisers, shall be submitted not later than twenty-four hours after the opening of the session. Any later change in the composition of the delegation shall also be submitted to the secretariat. The credentials shall be issued either by the head of State or Government or by the Minister of Foreign Affairs or, in the case of a regional economic integration organization, by the competent authority of that organization. In accordance with draft rule 20, the Bureau will be required to examine and report to the Conference on these credentials.

34. **Action:** Based on the report of the Bureau, the COP will be invited to approve the credentials of the representatives of Parties attending the session. Representatives will be entitled to participate provisionally in the session, pending this decision.

FCCC/CP/2001/9

*Adoption of the report on credentials*

**3. Implementation of the Buenos Aires Plan of Action: adoption of the decisions giving effect to the Bonn Agreements**

**(a) Completed decisions forwarded for adoption**

35. **Background:** The Conference will have before it the following decisions, for which negotiations have been completed and consensus reached at COP 6 (part two) and which have been forwarded by the Conference to COP 7 for adoption (see FCCC/CP/2001/5/Add.1):

<sup>4</sup> FCCC/CP/1999/6, paragraph 31.

<sup>5</sup> FCCC/CP/2000/5/Add.1, paragraph 51.

- (a) Capacity-building in developing countries (non-Annex I Parties);
- (b) Capacity-building in countries with economies in transition;
- (c) Development and transfer of technologies (decisions 4/CP.4 and 9/CP.5);
- (d) Implementation of Article 4, paragraphs 8 and 9 of the Convention (decision 3/CP.3, and Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol);
- (e) Additional guidance to an operating entity of the financial mechanism;
- (f) Funding under the Convention;
- (g) Activities implemented jointly under the pilot phase (decisions 6/CP.4 and 13/CP.5);
- (h) Matters relating to Article 3, paragraph 14, of the Kyoto Protocol;
- (i) Funding under the Kyoto Protocol; and
- (j) Impact of single projects on emissions in the commitment period (decision 16/CP.4).

36. The secretariat will present to the COP, for its consideration, the results of a technical and legal review of these decisions. The review was undertaken after consulting with the Bureau. The main point addressed is that, in a number of draft decisions originally prepared for adoption in November 2000, the scheduling of certain follow-up activities or the deadlines set for their completion have been overtaken by the delay in the intergovernmental process. These schedules and deadlines should be modified in consequence, to account for the fact that these decisions are now due to be adopted in November 2001. A number of other technical and legal points will be brought forward under the authority of the respective chairmen responsible for the texts in question.

37. A letter on behalf of the group of countries of Central Asia, Caucasus and Moldova (CAC&M) proposes changes in the wording of certain decision in this set to take account of the position of those countries (see paragraphs 72 to 75 below). In this context, the CAC&M group of countries have also raised the issue of the participation of Eastern European non-Annex I Parties in the expert group on technology transfer.

38. **Action:** The COP will be invited to adopt the decisions forwarded by COP 6 (part two) incorporating the results of the technical and legal review, as appropriate.

FCCC/CP/2001/5/Add.1

*Report of the Conference of the Parties on the second part of its sixth session, held at Bonn from 16 to 27 July 2001. Addendum. Part Three: Decisions on which the Conference of the Parties noted that negotiations had been completed and consensus reached at the second part of the sixth session and which the Conference decided to forward to its seventh session for adoption*

**(b) Draft decisions forwarded for elaboration, completion and adoption**

- (i) National systems, adjustments and guidelines under Articles 5, 7 and 8 of the Kyoto Protocol**
- (ii) Matters relating to land use, land-use change and forestry**
- (iii) Work programme on mechanisms (decisions 7/CP.4 and 14/CP.5)**
- (iv) Procedures and mechanisms relating to compliance under the Kyoto Protocol**
- (v) "Good practices" in policies and measures**

39. **Background:** The Conference will have before it the draft decisions for the above-mentioned agenda items, for which progress was noted at COP 6 (part two) and which have been forwarded by the Conference to COP 7 for elaboration, completion and adoption (see FCCC/CP/2001/5). The documents before the Conference are listed below.

40. In relation to sub-item (i), the outcome of the inter-sessional workshop on issues related to Articles 5, 7 and 8 of the Kyoto Protocol, to be held in Bonn, from 4 to 6 October 2001, will be made available to the Conference for its consideration.

41. In relation to sub-item (v), the outcome of the inter-sessional expert workshop on "good practices" in policies and measures, to be held in Copenhagen from 8 to 10 October 2001, will be made available to the Conference for its consideration.

42. The Conference will also be expected to elect the members of the executive board of the clean development mechanism (CDM), to facilitate the prompt start of the CDM. A notification of the forthcoming election will be sent to Parties, inviting the submission of nominations. The President will promote the necessary consultations within regional groups and the groups of Parties listed and not listed in Annex I to the Convention, so that the election can take place after the adoption of the decision on the CDM and before the closure of the session.

43. **Action:** The COP will be invited to elaborate, complete and adopt the draft decisions forwarded by COP 6 (part two). The COP will also be invited to elect the members of the executive board of the CDM.

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>FCCC/CP/2001/5/Add.2</i>                      | <i>Report of the Conference of the Parties on the second part of its sixth session, held at Bonn from 16 to 27 July 2001. Addendum. Part Four: Draft decisions on which progress was noted by the Conference of the Parties at the second part of its sixth session and which the Conference decided to forward to its seventh session for elaboration, completion and adoption</i> |
| <i>FCCC/CP/2000/5 and Add.3, (vols. III – V)</i> | <i>Report of the Conference of the Parties on the first part of its sixth session, held at The Hague from 13 to 25 November 2000</i>                                                                                                                                                                                                                                                |
| <i>FCCC/CP/2001/2/Add.2, Add. 4 and Add. 5</i>   | <i>Review of the implementation of commitments and of other provisions of the Convention. Preparations for the first session of the Conference of the Parties serving as the meeting of the parties to the Kyoto Protocol (decision 8/CP.4). Consolidated negotiating text proposed by the President.</i>                                                                           |

#### **4. Input to the World Summit on Sustainable Development**

44. **Background:** The United Nations, in General Assembly resolution 55/199, invited the UNFCCC to participate fully in the 10-year review of progress achieved in the implementation of Agenda 21, including the preparation of a report for submission to the Commission on Sustainable Development at its tenth session and the World Summit on Sustainable Development, to be held at Johannesburg in September 2002. In its decision 55/443, the General Assembly invited COP 7 to contribute to the 10-year review of the implementation of Agenda 21 and the Programme for the Further Implementation of Agenda 21, and requested the Executive Secretary of the UNFCCC to report to the Preparatory Committee for the World Summit on Sustainable Development.

45. The SBI, at its twelfth session, requested the secretariat to prepare elements of a draft input on the UNFCCC process to the World Summit on Sustainable Development for consideration at its fourteenth session, with a view to recommending a draft decision for adoption by COP 7. At its fourteenth session, the SBI Chairman recommended that this matter be taken up at the fifteenth session of the SBI.

46. Following a discussion in the Bureau of COP 6, it is proposed that this item be taken up in the plenary of the COP rather than the SBI.

47. **Action:** The COP will be invited to consider this item and adopt a decision on input to the World Summit on Sustainable Development.

### **5. Third Assessment Report of the Intergovernmental Panel on Climate Change**

48. **Background:** The Third Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), entitled "Climate Change 2001", was issued in May 2001. This report will be considered by the SBSTA at its fifteenth session.

49. **Action:** The COP will be invited to refer this item to the SBSTA for its consideration, and to urge the SBSTA to thoroughly examine the information in the report with a view to identifying the implications of the report for the further work of the COP and its subsidiary bodies and to report any such findings or recommendations to the COP.

### **6. Report of the Global Environment Facility to the Conference of the Parties**

50. **Background:** The Memorandum of Understanding between the COP and the Council of the Global Environment Facility (GEF), annexed to decision 12/CP.2<sup>6</sup>, provides, *inter alia*, that the GEF will make available annual reports which should include specific information on how it has applied the guidance and decisions of the COP in its work related to the Convention.

51. **Action:** The COP will be invited to refer this item to the SBI for its consideration and recommendation of any draft decisions on the report of the GEF for adoption by the Conference.

### **7. Second review of the adequacy of Article 4, paragraph 2 (a) and (b), of the Convention**

52. **Background:** Article 4, paragraph 2 (d), provides that a second review of the adequacy of Article 4, paragraph 2 (a) and (b), shall take place not later than 31 December 1998. At COP 4, it "proved impossible to reach any agreed conclusions or decisions" on this matter.<sup>7</sup> In accordance with draft rule 16<sup>8</sup> the item was then placed on the provisional agenda of COP 5. During the consideration of the provisional agenda of COP 5, the Group of 77 and China proposed amending the item to read as follows: "Review of the adequacy of implementation of Article 4, paragraph 2 (a) and (b), of the Convention". There was no agreement on that proposal and the President of COP 5 expressed his intention to undertake further consultations with a view to reaching a consensus. The Conference accordingly adopted the agenda of the session, with the exception of the item in question, which was held in abeyance.

53. Following the inability of the Parties at COP 5 to reach conclusion on this matter, and following rule 16 and rule 10 (c) of the draft rules of procedure being applied, an item "Second review of the adequacy of Article 4, paragraph 2 (a) and (b), of the Convention" was included in the provisional agenda for the sixth session. Attached to this item was a footnote reflecting the amendment proposed by the Group of 77 and China at COP 5.

<sup>6</sup> See document FCCC/CP/1996/15/Add.1.

<sup>7</sup> FCCC/CP/1998/16, paragraph 64.

<sup>8</sup> This rule states that "any item of the agenda of an ordinary session, consideration of which has not been completed at the session, shall be included automatically in the agenda of the next ordinary session, unless otherwise decided by the Conference of the Parties."

54. At the first part of its sixth session, the Conference decided to hold this item in abeyance and include it in the provisional agenda for its seventh session. The President of COP 6 will report to the Conference on his consideration of possible ways of achieving consensus on the issues covered under this agenda item.

55. **Action:** The COP may wish to address this matter in the light of the above-mentioned report. The President may conduct informal consultations with a view to determining how best to address this issue.

#### **8. Proposals to amend the lists in Annexes I and II to the Convention**

(a) **Proposal to amend the lists in Annexes I and II to the Convention by removing the name of Turkey: review of information and possible decisions under Article 4, paragraph 2 (f)**

56. **Background:** At its fifth session, the COP recalled the proposals made by Pakistan and Azerbaijan at its third session for the deletion of the name of Turkey from the lists included in Annexes I and II to the Convention. At the first part of its sixth session, the President of COP 6 informed the Conference that the Minister of Environment of Turkey, in his statement to the 4<sup>th</sup> plenary meeting, had made a new proposal on this issue.<sup>9</sup> On the proposal of the President of COP 6, the Conference agreed that the new proposal from Turkey should be referred to the SBI for consideration at its next session, with a view to making a recommendation to COP 7 for definitive action.

57. **Action:** The COP will be invited to refer this item to the SBI for its consideration and recommendation of definitive action on this matter for adoption by the Conference.

FCCC/CP/2001/11

*Proposal to amend the list in Annexes I and II to the Convention. Proposal to amend the list in Annexes I and II to the Convention by removing the name of Turkey: review of information and possible decisions under Article 4, paragraph 2 (f)*

(b) **Amendment proposed by Kazakhstan: to add Kazakhstan to the list in Annex I**

58. **Background:** Article 15, paragraph 1, provides that "any Party may propose amendments to the Convention." Article 15, paragraph 2, provides that "amendments to the Convention shall be adopted at an ordinary session of the Conference of the Parties. The text of any proposed amendment to the Convention shall be communicated to the Parties by the secretariat at least six months before the meeting at which it is proposed for adoption. The secretariat shall also communicate proposed amendments to the signatories to the Convention and, for information, to the Depository." Article 16 relates, *inter alia*, to the amendment of annexes by application of the procedures set out in Article 15.

59. In accordance with these provisions, Kazakhstan submitted a note dated 24 April 1999 proposing the inclusion of its name in the list of Parties included in Annex I to the Convention.

<sup>9</sup> FCCC/CP/2001/5/Add.1, paragraphs 84-85.

This proposal was communicated to all Parties, signatories, and, for information, to the Depository, in a note verbale dated 3 May 1999. The proposal has also been made available in all six official languages of the United Nations.

60. The COP at its fifth session considered this proposal and agreed to consider the amendment by Kazakhstan at its sixth session, with a view to taking action thereon. In a note verbale dated 13 June 2000, Kazakhstan requested that its proposed amendment be withdrawn from the provisional agenda of COP 6. This item has now been included in the provisional agenda of COP 7 for consideration by the Conference at the request of Kazakhstan.

61. **Action:** The COP will be invited to refer this item to the SBI for its consideration and recommendation of a decision on the proposed amendment by Kazakhstan for adoption by the Conference.

FCCC/CP/1999/2

*Amendment to Annex I to the Convention. Proposal from the Republic of Kazakhstan to amend Annex I to the Convention*

#### **9. Matters relating to national communications under the Convention**

(a) **National communications from Parties included in Annex I to the Convention**

(b) **National communications from Parties not included in Annex I to the Convention**

62. **Background:** Information on the issues concerning these sub-items can be found in the provisional agenda and annotations of the fifteenth session of the SBI, document FCCC/SBI/2001/10.

63. **Action:** The COP will be invited to consider draft decisions or conclusions recommended either by the SBI or the SBSTA, or by both subsidiary bodies jointly.

#### **10. Programme budget for the biennium 2002-2003**

64. **Background:** At its fourteenth session, the SBI considered the programme budget for the biennium 2002-2003 proposed by the Executive Secretary and agreed to recommend to the COP a total budget of US\$ 32,837,100 including contingencies. It also agreed to consider, at its fifteenth session, a revised programme budget including a staffing table, with a view to recommending a final budget for adoption by the Conference at its seventh session.

65. **Action:** The COP will be invited to adopt the programme budget for the biennium 2002 - 2003, recommended by the SBI.

# **11. Reports of the subsidiary bodies and decisions and conclusions arising therefrom**

## **(a) Report of the Subsidiary Body for Scientific and Technological Advice**

## **(b) Report of the Subsidiary Body for Implementation**

66. **Background:** Article 7, paragraph 2 (j), of the Convention requires the Conference to review reports submitted by its subsidiary bodies and provide guidance to them. The COP will have before it the reports of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation on their fourteenth sessions, held in July, and fifteenth sessions, to be held in October - November 2001.

67. **Action:** The COP will be invited to take note of these reports and to consider any draft decisions recommended for adoption.

*FCCC/SBSTA/2001/2*

*Report of the Subsidiary Body for Scientific and Technological Advice on its fourteenth session, held at Bonn from 24 to 27 July 2001*

*FCCC/SBI/2001/9*

*Report of the Subsidiary Body for Implementation on its fourteenth session, held at Bonn from 24 to 27 July 2001*

# **12. Statements**

## **(a) Statements by ministers and other heads of delegation of Parties**

## **(b) Statements by Observer States**

## **(c) Statements by intergovernmental organizations**

## **(d) Statements by non-governmental organizations**

68. **Background:** Brief policy statements by ministers and other heads of delegation of Parties will be heard during the Conference. Full texts of the official statements will be circulated, if a sufficient number of copies are provided to the secretariat in the course of the session.

69. Given the number of Parties and the limited amount of time available for statements, it will be necessary for the Conference to limit the duration of each statement. The recommended time limit is three to four minutes. Statements on behalf of groups of Parties, where the other members of the group do not speak, are strongly encouraged; additional time will be provided for group statements.

70. The list of speakers will be open from Monday, 18 September to Friday, 19 October 2001. Further information, including information on the speakers' list, is available in the notification to Parties, including the corresponding form (also available on the UNFCCC web site). Inquiries regarding this list may be sent to the Office of the Secretary of the Conference at the UNFCCC secretariat, telephone number (49-228) 815-1520 or (49-228) 815-1426; fax number (49-228) 815-1999; e-mail: [secretariat@unfccc.int](mailto:secretariat@unfccc.int).

71. **Action:** The representatives of intergovernmental and non-governmental organizations will be invited to make statements to the COP. The recommended time limit for all such statements is three to four minutes.

### **13. Other matters**

72. Any other matters for the attention of the COP will be taken up under this item. One such matter pertains to the situation of the group of countries of Central Asia, Caucasus and Moldova (CAC&M) and other non-Annex I Parties not considered to be developing countries.

73. **Background:** In a letter to the Executive Secretary, dated 27 July 2001, the CAC&M group of countries sought clarification on two issues: a clear definition of the term "developing countries" or a reference to relevant legal texts containing such definition, and the status of the CAC&M countries in the context of decisions of the Convention and the Kyoto Protocol, including those prepared at the resumed COP 6.

74. If difficulties are encountered in providing such clarification in a timely manner, they suggest a decision to be adopted by the COP at its eighth session clarifying their status. They have also proposed that pending formal resolution of the issue, the words "developing countries" should be substituted with "developing countries and other Parties not included in Annex I" throughout the text of the COP 6 (part two) decisions.

75. **Action:** The COP will be invited to consider this matter and determine any appropriate action.

*FCCC/CP/2001/12*

*The situation of non-Annex I Parties not considered to be developing countries*

### **14. Conclusion of the session**

#### **(a) Adoption of the report of the Conference of the Parties at its seventh session**

76. **Background:** A draft report on the work of the session will be prepared for adoption by the COP at the end of the session.

77. **Action:** In accordance with established practice, the COP will be invited to adopt the draft report and authorize the Rapporteur to complete the report after the session, under the guidance of the President and with the assistance of the secretariat.

#### **(b) Closure of the session**

78. The President will declare the session closed.

Annex I**OVERVIEW OF THE SESSIONAL PERIOD**

| <b>Monday,<br/>29 October</b>                                      | <b>Tuesday,<br/>30 October</b>                                   | <b>Wednesday,<br/>31 October</b> | <b>Thursday,<br/>1 November</b> | <b>Friday,<br/>2 November</b> | <b>Saturday,<br/>3 November</b> |
|--------------------------------------------------------------------|------------------------------------------------------------------|----------------------------------|---------------------------------|-------------------------------|---------------------------------|
| Opening of seventh session of the Conference of the Parties        | Fifteenth sessions of the subsidiary bodies                      |                                  |                                 |                               |                                 |
|                                                                    |                                                                  |                                  |                                 |                               |                                 |
|                                                                    | Completion of decisions transmitted from COP 6                   |                                  |                                 |                               |                                 |
| Opening of the sessions of the subsidiary bodies (time permitting) |                                                                  |                                  |                                 |                               |                                 |
| <b>Monday,<br/>5 November</b>                                      | <b>Tuesday,<br/>6 November</b>                                   | <b>Wednesday,<br/>7 November</b> | <b>Thursday,<br/>8 November</b> | <b>Friday,<br/>9 November</b> |                                 |
| Fifteenth sessions of the subsidiary bodies                        | Opening of high-level segment                                    |                                  |                                 |                               |                                 |
|                                                                    | High-level segment continues with negotiations and consultations |                                  |                                 |                               |                                 |
| COP 7 concludes: Adoption of decisions and conclusions             |                                                                  |                                  |                                 |                               |                                 |
| Completion of decisions transmitted from COP 6                     |                                                                  |                                  |                                 |                               |                                 |

Annex II**LIST OF DOCUMENTS****Documents prepared for the Conference of the Parties**

|                      |                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FCCC/CP/2001/6       | Provisional agenda. Note by the Executive Secretary                                                                                                                                                                                                                                                                                                                                       |
| FCCC/CP/2001/6/Add.1 | Provisional agenda. Note by the Executive Secretary.<br>Addendum. Annotations to the provisional agenda                                                                                                                                                                                                                                                                                   |
| FCCC/CP/2001/7       | Organizational matters. Admission of observers:<br>intergovernmental and non-governmental organizations                                                                                                                                                                                                                                                                                   |
| FCCC/CP/2001/8       | Report of the Global Environment Facility to the<br>Conference of the Parties                                                                                                                                                                                                                                                                                                             |
| FCCC/CP/2001/9       | Adoption of the report on credentials                                                                                                                                                                                                                                                                                                                                                     |
| FCCC/CP/2001/10      | Input to the World Summit on Sustainable Development                                                                                                                                                                                                                                                                                                                                      |
| FCCC/CP/2001/11      | Proposal to amend the list in Annexes I and II to the<br>Convention. Proposal to amend the list in Annexes I and II<br>to the Convention by removing the name of Turkey; review<br>of information and possible decisions under Article 4,<br>paragraph 2 (f).                                                                                                                             |
| FCCC/CP/2001/12      | The situation of non-Annex I Parties not considered to be<br>developing countries                                                                                                                                                                                                                                                                                                         |
| FCCC/CP/2001/INF.3   | Status of ratification of the United Nations Framework<br>Convention on Climate Change and its Kyoto Protocol                                                                                                                                                                                                                                                                             |
| FCCC/CP/2001/5       | Report of the Conference of the Parties on the second part<br>of its sixth session, held at Bonn from 16 to 27 July 2001.<br>Part One: Proceedings                                                                                                                                                                                                                                        |
| FCCC/CP/2001/5/Add.1 | Report of the Conference of the Parties on the second part<br>of its sixth session, held at Bonn from 16 to 27 July 2001.<br>Addendum. Part Three: Decisions on which the<br>Conference noted that negotiations had been completed and<br>consensus reached at the second part of the sixth session<br>and which the Conference decided to forward to its seventh<br>session for adoption |

|                     |                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FCCC/CP/2001/5Add.2 | Report of the Conference of the Parties on the second part of its sixth session, held at Bonn from 16 to 27 July 2001. Addendum. Part Four: Draft decisions on which progress was noted by the Conference of the Parties at the second part of its sixth session and which the Conference decided to forward to its seventh session for elaboration, completion and adoption |
| FCCC/CP/2001/MISC.4 | The Bonn Agreements on the implementation of the Buenos Aires Plan of Action. Statements made in connection with the approval of decision 5/CP.6                                                                                                                                                                                                                             |
| FCCC/SBI/2001/10    | Provisional agenda and annotations                                                                                                                                                                                                                                                                                                                                           |
| FCCC/SBSTA/2001/3   | Provisional agenda and annotations                                                                                                                                                                                                                                                                                                                                           |

**Other documents for the Conference of the Parties**

|                                                                         |                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FCCC/CP/2000/5                                                          | Report of the Conference of the Parties on the first part of its sixth session, held at The Hague from 13 to 25 November 2000                                                                                                                                                                      |
| FCCC/CP/2000/5/Add.1                                                    | Report of the Conference of the Parties on the first part of its sixth session, held at The Hague from 13 to 25 November 2000. Part One: Proceedings                                                                                                                                               |
| FCCC/CP/2000/5/Add.2                                                    | Report of the Conference of the Parties on the first part of its sixth session, held at The Hague from 13 to 25 November 2000. Addendum. Part Two: Action taken by the Conference of the parties at the first part of its sixth session                                                            |
| FCCC/CP/2000/5/Add.3<br>(vols. I - V)                                   | Report of the Conference of the Parties on the first part of its sixth session, held at The Hague from 13 to 25 November 2000. Addendum. Part Three: Texts forwarded to the resumed sixth session by the Conference of the Parties at the first part of its sixth session                          |
| FCCC/CP/2001/2/Rev.1<br>and Add.1 - 2 and<br>Add.3/Rev.1 and Add. 4 - 6 | Review of the implementation of commitments and of other provisions of the Convention. Preparations for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (decision 8/CP.4). Consolidated negotiating text proposed by the President. |

|                       |                                                                                                                                                                                               |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FCCC/CP/1999/2        | Amendment to Annex I to the Convention. Proposal from the Republic of Kazakhstan to amend Annex I to the Convention                                                                           |
| FCCC/CP/1996/2        | Organizational matters. Adoption of the rules of procedure                                                                                                                                    |
| FCCC/CP/1999/6        | Report of the Conference of the Parties on its fifth session, held at Bonn from 25 October to 5 November 1999. Part One: Proceedings                                                          |
| FCCC/CP/1999/6/Add.1  | Report of the Conference of the Parties on its fifth session, held at Bonn from 25 October to 5 November 1999. Part Two: Action taken by the Conference of the Parties at its fifth session   |
| FCCC/CP/1998/16       | Report of the Conference of the Parties on its fourth session, held at Buenos Aires from 2 to 14 November 1998. Part One: Proceedings                                                         |
| FCCC/CP/1998/16/Add.1 | Report of the Conference of the Parties on its fourth session, held at Buenos Aires from 2 to 14 November 1998. Part Two: Action taken by the Conference of the Parties at its fourth session |
| FCCC/CP/1997/7        | Report of the Conference of the Parties on its third session, held at Kyoto from 1 to 11 December 1997. Part One: Proceedings                                                                 |
| FCCC/CP/1997/7/Add.1  | Report of the Conference of the Parties on its third session, held at Kyoto from 1 to 11 December 1997. Part Two: Action taken by the Conference of the Parties at its third session          |

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CONFERENCE OF THE PARTIES  
Seventh session  
Marrakesh, 29 October – 9 November 2001  
Item 2 (e) of the provisional agenda

## ORGANIZATIONAL MATTERS

### ADMISSION OF ORGANIZATIONS AS OBSERVERS

#### Admission of observers: intergovernmental and non-governmental organizations

##### Note by the secretariat

1. The admission of intergovernmental and non-governmental organizations as observers is governed by Article 7, paragraph 6, of the Convention, which provides, *inter alia*, that "any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by the Convention, and which has informed the secretariat of its wish to be represented at a session of the Conference of the Parties as an observer, may be so admitted unless at least one third of the Parties present object".
2. At its first session, the Conference of the Parties (COP), further to a proposal by the President, agreed that the secretariat should invite to the future sessions of the Conference and of its subsidiary bodies, all intergovernmental and non-governmental organizations admitted at that session and at future sessions, unless an objection was raised to any particular organization in accordance with the Convention and the rules of procedure (FCCC/CP/1995/7, para. 22). Consequently, all the organizations admitted to previous sessions (with the exception of those which were admitted for a single session only at the Conference of the Parties) have been invited to attend the seventh session, and the procedure for admission to the Conference of the Parties applies to new applicants only.

3. In this context, the secretariat has prepared a list of new applicant intergovernmental and non-governmental organizations that have expressed a wish to be admitted to the seventh session of the Conference of the Parties (COP 7), for consideration by the Parties at the start of the session. The list includes new applicant intergovernmental and non-governmental organizations that have requested admittance since the second part of the sixth session of the Conference of the Parties in Bonn, and which have been granted pre-admittance status to attend COP 7.
4. In drawing up the list, the secretariat has taken due account of the provisions of Article 7, paragraph 6, of the Convention and of the established practice whereby non-governmental organizations are required to furnish proof of their non-profit (tax-exempt) status in a State Member of the United Nations, of a specialized agency or of the International Atomic Energy Agency or in a State Party to the International Court of Justice.
5. The Bureau of the Conference of the Parties has considered the list of applicants and raised no objections to the organizations listed in the attached annex. These organizations have been advised of their "pre-admittance status" on the understanding that the final authority for the admission of observers rests with the Conference of the Parties.
6. In the light of the above, the Conference is invited, at its first plenary meeting to accord observer status to the intergovernmental and non-governmental organizations on the attached list.

Annex

**List of new applicant organizations having expressed their wish to be admitted  
as observers at the seventh session of the Conference of the Parties**

**I. INTERGOVERNMENTAL ORGANIZATIONS**

1. Secrétariat Général de l'Union du Maghreb Arabe (UMA), Rabat, Morocco

**II. NON-GOVERNMENTAL ORGANIZATIONS**

1. Americans for Equitable Climate Solutions (AECS), Washington, United States of America
2. Basel Agency for Sustainable Energy (BASE), Basel, Switzerland
3. Center for Environment and Sustainable Development Studies and Application (CENESTA), Teheran, Islamic Republic of Iran
4. Defenders of Wildlife (DOW), Washington, United States of America
5. Deutsches Institut für Normung e.V. (DIN), Berlin, Germany
6. European Confederation of Woodworking Industries (CEI-Bois), Paris, France
7. European Renewable Energy Council (EREC), Brussels, Belgium
8. Fondation Marrakech 21 (FM 21), Marrakesh, Morocco
9. Forum for the Future (FFF), London, United Kingdom of Great Britain and Northern Ireland
10. Institutt for energiteknikk (IFE), Kjeller, Norway
11. International Academy of Technological Sciences (IATS), Moscow, Russian Federation
12. International Air Transport Association (IATA), Montreal, Canada
13. Japan Center for Climate Change Actions (JCCCA), Tokyo, Japan
14. Observatoire Méditerranéen de l'Energie (OME), Sophia-Antipolis, France
15. RAND, Santa Monica, United States of America
16. Sustainability Investment Partners (SIP), Marseilles, France
17. Tides Center, San Francisco, United States of America
18. Union for Jobs and Environment (UJAE), Washington, United States of America
19. University Stuttgart, Institute of Energy Economics and the Rational Use of Energy (IER), Stuttgart, Germany

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UNITED  
NATIONS



Framework Convention  
on Climate Change

Distr.  
GENERAL

FCCC/CP/2001/8  
16 October 2001

ENGLISH, FRENCH AND  
SPANISH ONLY

CONFERENCE OF THE PARTIES  
Seventh session  
Marrakesh, 29 October – 9 November 2001  
Item 6 of the provisional agenda

## REPORT OF THE GLOBAL ENVIRONMENT FACILITY TO THE CONFERENCE

### Note by the secretariat

1. The Conference of the Parties (COP), by its decision 12/CP.2,<sup>1</sup> adopted and thereby brought into force a Memorandum of Understanding (MOU) between the COP and the Council of the Global Environment Facility (GEF).<sup>2</sup> The MOU provides, *inter alia*, that annual reports of the GEF be made available to the COP through the secretariat.
2. In response to that provision, the GEF secretariat has submitted the attached report, which is reproduced without formal editing.
3. The MOU further provides that, in accordance with Article 11.1 of the Convention, the COP will, after each of its sessions, communicate to the GEF any policy guidance approved concerning the financial mechanism.

<sup>1</sup> FCCC/CP/1996/15/Add.1.

<sup>2</sup> FCCC/CP/1995/7/Add.1.



Annex

# Global Environment Facility

September 21, 2001

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REPORT OF THE GEF  
TO THE SEVENTH SESSION OF THE CONFERENCE OF THE PARTIES  
TO THE UNITED NATIONS  
FRAMEWORK CONVENTION ON CLIMATE CHANGE

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## I. Introduction

1. The *Memorandum of Understanding Between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Council of the Global Environment Facility*<sup>1</sup> provides that the GEF will report to the Conference of the Parties on all GEF-financed activities carried out in implementing the Convention. In particular, paragraph 7 provides:

In its reporting on GEF-financed activities under the financial mechanism, the GEF should include specific information on how it has applied the guidance and decisions of the COP in its work related to the Convention. This report should be of a substantive nature and incorporate the program of GEF activities in the areas covered by the Convention and an analysis of how the GEF, in its operations related to the Convention, has implemented the policies, program priorities, and eligibility criteria established by the COP. In particular, a synthesis of the different projects under implementation and a list of the projects approved by the Council in the climate change focal area as well as a financial report with an indication of the financial resources required for those projects should be included. The Council should also report on its monitoring and evaluation activities concerning projects in the climate change focal area.

2. This report has been prepared for the seventh session of the Conference of the Parties to the UN Framework Convention on Climate Change. It covers the period from July 1, 2000 to June 30, 2001 (GEF Fiscal Year 2001). This report describes GEF activities approved by the Council during the reporting period in the areas covered by the Convention. For easier reference, a list of reports previously provided by the GEF Council to the Conference of the Parties is included in the Annex A. These reports contain information on GEF activities in prior years.

3. The Parties' attention is also drawn to the following GEF publications which the GEF will make available to the seventh session of the Conference of the Parties to supplement the information contained in this report:

- (a) *Global Environment Facility 2000 Annual Report* (available in English, French, and Spanish);
- (b) *Operational Report on GEF Programs*, June 2001 (available in English)<sup>2</sup>;
- (c) *Project Performance Report 2000* (available in English, French, and Spanish);  
and

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<sup>1</sup> See Decision 12/CP.2 (FCCC CP/1996/15/Add.1), *Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility* and Decision on Agenda Item 11, *Joint Summary of the Chairs of the GEF Council Meeting*, April May 1997.

<sup>2</sup> This report provides a listing of projects approved in the climate change area as well as a financial report with an indication of the financial resources required for those projects.

- (d) *Climate Change Program Study* (Executive Summary available in English, French and Spanish).

## II. Project Activities in the Climate Change Area

4. The GEF, as the financial mechanism of the Convention, provides financing for activities consistent with the policies and program priorities established by the Conference of the Parties to the financial mechanism. GEF-financed activities are managed through its three Implementing Agencies: UNDP, UNEP and the World Bank. In the reporting period, the following GEF financing was allocated for project activities in the climate change area.

**Table 1: Project Financing in the Climate Change Area  
(July 2000 - June 2001)**

| Type of activity     | Number of activities | GEF financing (in US\$ millions) | Co-financing (in US\$ millions) | Total financing (in US\$ millions) |
|----------------------|----------------------|----------------------------------|---------------------------------|------------------------------------|
| Project preparation  | 23                   | 6.7                              | 4.17                            | 10.87                              |
| Enabling activities  | 36                   | 5.67                             |                                 | 5.67                               |
| Medium/Full projects | 33                   | 184.67                           | 616.39                          | 801.06                             |
| <b>Total</b>         | <b>92</b>            | <b>197.04</b>                    | <b>620.56</b>                   | <b>817.60</b>                      |

5. As indicated in Table 1, the GEF allocation in the area of climate change was US\$197 million in grant financing out of total project costs of US\$ 817 million. Approximately US\$621 million was leveraged in co-financing for the project activities from the Implementing Agencies, bilateral agencies, recipient countries, and the private sector.

6. Since the establishment of the GEF as a pilot program in 1991, approximately US\$1.3 billion was provided in grants from the GEF Trust Fund out of a total of US\$ 8.2 billion allocated to climate change activities. An additional US\$6.9 billion was contributed through co-financing. A complete listing of GEF project activities in the climate change area is contained in the June 2001 *Operational Report on GEF Programs*, which is available to the seventh session of the Conference of the Parties. A synthesis of the different projects under implementation in the area of climate change is included in Annex B to this report. Of the US\$ 1.3 billion cited above, approximately US\$1.17 billion was for projects in non-Annex-I countries, while US\$0.13 billion was allocated to Annex I countries undergoing the process of transition to a market economy. When the GEF provides assistance to the latter, it

ensures that such assistance is fully consistent with the guidance provided by the Conference of the Parties to the UNFCCC.<sup>3</sup>

7. Often, as a first step in project development, the GEF provides financing through its Project Preparation and Development Facility to assist recipient countries to develop a project concept into a project proposal. Table 2 lists 23 GEF project preparation activities approved during the reporting period.

**Table 2: Project Preparation Activities\***  
(July 2000 - June 2001)

| COUNTRY                                                | PROJECT NAME                                                                                                                   | IMPLEMENTING AGENCY | GEF FINANCING (IN US\$ MILLIONS) | TOTAL FINANCING (IN US\$ MILLIONS) |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------|------------------------------------|
| Global                                                 | Capacity-building for Improving National Greenhouse Gas Inventories                                                            | UNDP                | 0.30                             | 0.34                               |
| Global (Europe and Commonwealth of Independent States) | Capacity-building for Improving National Greenhouse Gas Inventories                                                            | UNDP                | 0.34                             | 0.38                               |
| Global (Pacific and Africa)                            | Capacity-building for Observation Systems for Climate Change                                                                   | UNDP                | 0.32                             | 0.34                               |
| Regional (Central America)                             | Capacity-building for Stage II Adaptation to Climate Change                                                                    | UNDP                | 0.30                             | 0.34                               |
| Regional (Central America)                             | Accelerating Renewable Energy Investments through Central American Bank for Economic Integration in Central America            | UNDP                | 0.10                             | 0.22                               |
| Belarus**                                              | Reducing Barriers to Greenhouse Gas Emissions Mitigation through the Use of Wood Waste for Municipal Heat and Hot Water Supply | UNDP                | 0.25                             | 0.38                               |
| Botswana                                               | Promoting the Adoption of Renewable Energy                                                                                     | UNDP                | 0.31                             | 0.37                               |

<sup>3</sup> See page 31, *Global Environment Facility, Operational Strategy*.

|              |                                                                                                                                                              |                                              |      |              |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------|--------------|
|              | by Removing Barriers and Reducing Implementation Costs                                                                                                       |                                              |      |              |
| Brazil       | Feasibility Study for an Externally-fired Combined Cycle Technology Option for a 40 MW 200,000 lbs/hr Steam Cogeneration Plant at the Usina Acucareira Ester | World Bank International Finance Corporation | 0.22 | 0.44         |
| Cameroon     | Household Energy                                                                                                                                             | World Bank                                   | 0.18 | 0.18         |
| China        | End Use Energy Efficiency Program                                                                                                                            | UNDP                                         | 0.35 | 0.75         |
| Egypt        | Private Sector Hybrid Solar Fossil Power Plant                                                                                                               | World Bank                                   | 0.75 | 0.95         |
| India        | Energy Efficiency Improvement in Steel Rolling Sector                                                                                                        | UNDP                                         | 0.28 | 0.34         |
| Lesotho      | Promoting Solar Energy Technologies by Capacity Building and Market Creation                                                                                 | UNDP                                         | 0.22 | 0.25         |
| Mali         | Household Energy and Universal Rural Access                                                                                                                  | World Bank                                   | 0.26 | 0.26         |
| Mozambique   | Rural Energy Development (Solar PV component)                                                                                                                | World Bank                                   | 0.28 | 0.28         |
| Nicaragua    | Productive Uses of Hydro-electricity on a Small Scale                                                                                                        | UNDP                                         | 0.23 | 0.23         |
| Philippines  | Efficient Lighting Market Transformation Project                                                                                                             | UNDP                                         | 0.10 | 0.12         |
| Philippines  | Rural Power (Renewable Energy Component)                                                                                                                     | UNDP                                         | 0.35 | 1.25         |
| Tanzania     | Promoting the Adoption of Renewable Energy by Removing Barriers and Reducing Implementation Costs                                                            | UNDP                                         | 0.32 | 0.42         |
| Thailand     | Bangkok Air Quality Management                                                                                                                               | World Bank                                   | 0.30 | 0.85         |
| Tunisia      | Promotion of Increased Use of Wind Energy                                                                                                                    |                                              | 0.28 | 1.01         |
| Vietnam      | Energy Efficient Public Lighting                                                                                                                             | UNDP                                         | 0.31 | 0.37         |
| Vietnam      | System Efficiency Improvement, Equitization and Renewables                                                                                                   | World Bank                                   | 0.35 | 0.80         |
| <b>Total</b> |                                                                                                                                                              | <b>6.7</b>                                   |      | <b>10.87</b> |

\* excludes PDF A projects

\*\*Annex I countries.

8. Thirty-six enabling activity projects covering 45 non-Annex I countries have been approved during the reporting period (see Table 3), including five projects addressing initial national communications and 31 addressing priority capacity building needs identified by decision 2/CP.4 (FCCC/CP/1998/16/Add.1).

**Table 3: Enabling Activities  
(July 2000 - June 2001)**

| COUNTRY                                                                                                               | PROJECT NAME                                                                                                     | IMPLEMENTING AGENCY | GEF FINANCING (IN US\$ MILLIONS) | TOTAL FINANCING (IN US\$ MILLIONS) |
|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------|------------------------------------|
| Regional (Cook Islands, Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Samoa, Solomon Islands, Tuvalu, Vanuatu) | PICCAP: Climate Change Enabling Activity (Additional Financing for Capacity Building in Priority Areas)          | UNDP                | 1.00                             | 1.00                               |
| Armenia                                                                                                               | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Bahamas                                                                                                               | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Benin                                                                                                                 | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Burkina Faso                                                                                                          | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Burundi                                                                                                               | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Cape Verde                                                                                                            | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Ecuador                                                                                                               | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Ghana                                                                                                                 | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Honduras                                                                                                              | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Indonesia                                                                                                             | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Kyrgyz Republic                                                                                                       | Enabling Kyrgyz Republic to Prepare its First National Communication in Response to its Commitment to the UNFCCC | UNDP                | 0.33                             | 0.33                               |
| Lebanon                                                                                                               | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |

| COUNTRY     | PROJECT NAME                                                                                                                                   | IMPLEMENTING AGENCY | GEF FINANCING (IN US\$ MILLIONS) | TOTAL FINANCING (IN US\$ MILLIONS) |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------|------------------------------------|
| Lesotho     | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Libya       | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Mali        | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Moldova     | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Mongolia    | Technology Needs Assessment in Energy Sector                                                                                                   | World Bank          | 0.10                             | 0.10                               |
| Nicaragua   | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Niger       | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Niue        | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Palau       | Enabling Activity to Prepare its First National Communication and National Implementation Strategy in Response to its Commitment to the UNFCCC | UNDP                | 0.31                             | 0.31                               |
| Peru        | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Philippines | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Rwanda      | Enabling Activity to Prepare its First National Communication in Response to its Commitment to the UNFCCC                                      | UNEP                | 0.33                             | 0.33                               |
| Sao Tome    | Enabling Activity to Prepare its First National Communication for the implementation of the UNFCCC                                             | UNDP                | 0.35                             | 0.35                               |
| Senegal     | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Seychelles  | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Slovenia    | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Sri Lanka   | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Thailand    | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |
| Togo        | Additional Financing for Capacity Building in Priority Areas                                                                                   | UNDP                | 0.10                             | 0.10                               |

| COUNTRY      | PROJECT NAME                                                                                                     | IMPLEMENTING AGENCY | GEF FINANCING (IN US\$ MILLIONS) | TOTAL FINANCING (IN US\$ MILLIONS) |
|--------------|------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------|------------------------------------|
| Turkmenistan | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Uganda       | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| Venezuela    | Support to the Government of Venezuela for the Preparation of the First National Communication on Climate Change | UNDP                | 0.35                             | 0.35                               |
| Zimbabwe     | Additional Financing for Capacity Building in Priority Areas                                                     | UNDP                | 0.10                             | 0.10                               |
| <b>Total</b> |                                                                                                                  |                     | <b>5.67</b>                      | <b>5.67</b>                        |

9. Table 4 lists 33 medium sized and full climate change projects approved by the GEF Council during the reporting period.

**Table 4: Medium sized and Full Projects\*  
(July 2000-June 2001)**

| COUNTRY                                                                                                                                                                                     | PROJECT NAME                                                                                    | IMPLEMENTING AGENCY | GEF FINANCING (IN US\$ MILLIONS) | TOTAL FINANCING (IN US\$ MILLIONS) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------|----------------------------------|------------------------------------|
| Global<br>(Bangladesh, Brazil, Chile, China, Cuba, Egypt, Ethiopia, Ghana, India, Kenya, Nepal, Nicaragua, Sri Lanka)                                                                       | Solar and Wind Energy Resource Assessment                                                       | UNEP                | 6.81                             | 9.02                               |
| Global                                                                                                                                                                                      | Assessments of Impacts and Adaptation to Climate Change in Multiple Regions and Sectors (AIACC) | UNEP                | 7.85                             | 12.46                              |
| Regional<br>(Antigua and Barbuda, Bahamas, Barbados, Belize, British Virgin Islands, Cuba, Dominica, Grenada, Guyana, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines) | Caribbean Renewable Energy Development Programme                                                | UNDP                | 4.43                             | 16.88                              |

| COUNTRY                                          | PROJECT NAME                                                                                                           | IMPLEMENTING AGENCY                          | GEF FINANCING (IN US\$ MILLIONS) | TOTAL FINANCING (IN US\$ MILLIONS) |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------|------------------------------------|
| Suriname, Trinidad and Tobago, Turks and Caicos) |                                                                                                                        |                                              |                                  |                                    |
| Regional (Albania and The FYR of Macedonia)      | Balkans Energy Efficiency Program (BEEP)                                                                               | World Bank International Finance Corporation | 6.00                             | 6.00                               |
| Cambodia                                         | Promotion of Renewable Energy                                                                                          | World Bank                                   | 6.08                             | 16.58                              |
| Chile                                            | Removal of Barriers to Rural Electrification with Renewable Energy                                                     | UNDP                                         | 6.07                             | 32.40                              |
| China                                            | Barrier Removal for Efficient Lighting Products and Systems                                                            | UNDP                                         | 8.14                             | 26.20                              |
| China                                            | Targeted Research Related to Climate Change                                                                            | UNDP                                         | 1.72                             | 3.41                               |
| China                                            | Wind Power Development Project                                                                                         | UNDP/Asian Development Bank                  | 12.00                            | 98.70                              |
| China                                            | Demonstration of Fuel Cell Bus Commercialization in China (Phase II - Part 1)                                          | UNDP                                         | 5.82                             | 15.93                              |
| China                                            | Renewable Energy Scale-up Program, Phase I                                                                             | World Bank                                   | 41.57                            | 171.15                             |
| China                                            | Passive Solar Heating for Rural Health Clinics                                                                         | World Bank                                   | 0.78                             | 1.58                               |
| Croatia                                          | Removing Barriers to Improving Energy Efficiency of the Residential and Service Sectors                                | UNDP                                         | 4.59                             | 13.25                              |
| Croatia                                          | Energy Efficiency Project                                                                                              | World Bank                                   | 7.08                             | 30.48                              |
| Ecuador                                          | Public Enterprise Reform and Privatization Technical Assistance                                                        | World Bank                                   | 2.50                             | 27.21                              |
| Egypt                                            | Fuel Cell Bus Demonstration                                                                                            | UNDP                                         | 6.51                             | 10.31                              |
| Hungary**                                        | Public Sector Energy Efficiency Programme                                                                              | UNDP                                         | 4.20                             | 9.00                               |
| India                                            | Fuel Cell Bus Development in India (Phase II - Part I)                                                                 | UNDP                                         | 6.28                             | 12.12                              |
| Iran                                             | Carbon Sequestration in the Desertified Rangelands of Hossien Abad, South Khorasan, through Community-based Management | UNDP                                         | 0.75                             | 1.71                               |

| COUNTRY      | PROJECT NAME                                                                                                                | IMPLEMENTING AGENCY | GEF FINANCING (IN US\$ MILLIONS) | TOTAL FINANCING (IN US\$ MILLIONS) |
|--------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------|------------------------------------|
| Latvia**     | Economic and Cost-effective Use of Wood Waste for Municipal Heating Systems                                                 | UNDP                | 0.75                             | 0.75                               |
| Lithuania**  | Vilnius District Heating Project                                                                                            | World Bank          | 10.00                            | 65.30                              |
| Malaysia     | Biomass-based Power Generation and Co-generation in the Malaysian Palm Oil Industry (Phase I)                               | UNDP                | 4.03                             | 10.97                              |
| Mexico       | Pilot Rural Electrification of Off-grid Areas                                                                               | World Bank          | 1.30                             | 9.40                               |
| Mexico       | Demonstration Project of Hydrogen Fuel cell Buses and an Associated for Hydrogen Supply in Mexico City (Phase I)            | UNDP                | 5.42                             | 10.46                              |
| Mongolia     | Improved Household Stoves in Mongolian Urban Centers                                                                        | World Bank          | 0.78                             | 0.78                               |
| Namibia      | Renewable Energy                                                                                                            | UNDP                | 2.70                             | 7.43                               |
| Peru         | Renewable Energy Systems in the Peruvian Amazon Region (RESPAR)                                                             | UNDP                | 0.75                             | 0.75                               |
| Poland**     | Integrated Approach to Wood Waste Combustion for Heat Production                                                            | UNDP                | 0.98                             | 3.01                               |
| Poland**     | Gdansk Cycling Infrastructure Project                                                                                       | UNDP                | 1.00                             | 2.5                                |
| Romania**    | Energy Efficiency Project                                                                                                   | World Bank          | 10.00                            | 50.00                              |
| Senegal      | Energy Sector Conservation Project                                                                                          | World Bank          | 5.00                             | 120.58                             |
| Turkmenistan | Improving the Energy Efficiency of the Heat and Hot Water Supply                                                            | UNDP                | 0.75                             | 1.71                               |
| Ukraine**    | Removing Barriers to Greenhouse Gas Emissions Mitigation through Energy Efficiency in the District Heating System (Phase I) | UNDP                | 2.03                             | 3.93                               |
| <b>Total</b> |                                                                                                                             | <b>184.67</b>       |                                  | <b>861.06</b>                      |

\* Please see the *Operational Report on the GEF Programs, June 2001*, for more detailed project information. The co-financing details of individual projects can be found by accessing the work program on the GEF Website. To determine the appropriate work program, refer to the column marked "WP Entry" in the *Operational Report on the GEF Program*.

\*\* Annex I countries.

### III. Implementation of Convention Guidance

10. Guidance to the financial mechanism concerning policies, program priorities, and eligibility criteria is contained in:

- (a) Decision 11/CP.1 (FCCC/CP.1995/7/Add.1) *Initial guidance on policies, programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism;*
- (b) Decision 12/CP.1 (FCCC/CP/1995/7/Add.1) *Report of the Global Environment Facility to the Conference of the Parties on the development of an operational strategy and on initial activities in the area of climate change;*
- (c) Decision 10/CP.2 (FCCC/CP/1996/15/Add.1) *Communications from the Parties not included in Annex I to the Convention: guidelines, facilitation and process for consideration;*
- (d) Decision 11/CP.2 (FCCC/CP/1996/15/Add.1) *Guidance to the Global Environment Facility;*
- (e) Decision 2/CP.4 (FCCC/CP/1998/16/Add.1) *Additional guidance to the operating entity of the financial mechanism;*
- (f) Decision 8/CP.5 (FCCC/CP/1999/6/Add.1) *Financing of Second Communications to the UN Framework Convention on Climate Change;* and
- (g) Decision 10/CP.5 (FCCC/CP/1999/6/Add.1) *Capacity-building in developing countries (non-Annex I Parties).*

11. The GEF reported on steps it has taken to implement the guidance contained in the above mentioned decisions in its previous reports to the Conference of the Parties (see Annex A).

12. The sixth session of the Conference of the Parties to the UNFCCC (COP-6) and the thirteenth session of the Subsidiary Bodies (SB-13) took place from November 13 - 25, 2000. One of the principal aims of COP 6 was to reach agreement on the implementation details of the Kyoto Protocol. Despite the promising atmosphere at the outset of negotiations, countries were unable to reach agreement on key issues at the end of the two weeks, and the talks were suspended. During this reporting period, the GEF has been continuing to follow the guidance provided by the previous Conference of the Parties.

#### **IV. HIGHLIGHTS OF OTHER RELEVANT ACTIVITIES**

13. During the reporting period, the GEF has also undertaken the following activities which are of relevance to its climate change portfolio:

(a) *GEF third replenishment*

14. The Council requested the Trustee of the GEF, in cooperation with the Chief Executive Officer/Chairman of the Facility, to initiate the third replenishment of the GEF Trust Fund in October, 2000. Donors are aiming to complete the process by early 2002 to assure the continuity of GEF operations. Representatives agreed on the need for a successful and substantial replenishment, as GEF's role and mandate are expected to continue expanding as is the need for assistance. At the October meeting, representatives also welcomed the preparation of the Second Study of GEF's Overall Performance (OPS2) which is carried out by an independent team of international experts and is expected to be completed its work by the end of 2001. The replenishment negotiations are expected to conclude in February 2002.

(b) *Capacity Development Initiative*

15. The Conference of the Parties at its fifth session approved Decision 10/CP.5, *Capacity-building in developing countries (non-Annex I Parties)*. This decision recognized the important role of the GEF in the area of capacity building. The Capacity Development Initiative (CDI), a strategic partnership between the GEF Secretariat and UNDP, was launched in January 2000, in response to growing attention from Conventions to capacity building. The CDI, a consultative planning process for capacity-building to implement climate change and biodiversity conventions and to address land degradation issues, was carried out in two phases: a) an assessment phase and b) a development of elements of strategic collaboration and targeted action plan for GEF phase.

16. The first phase of CDI consisted of a broad-based assessment of capacity building needs of countries on a regional basis: Africa, Asia/Pacific, Eastern Europe and Central Asia, and Latin America and the Caribbean.<sup>4</sup> The assessment was undertaken by teams of the regional experts in climate change, biodiversity, land degradation and capacity building. The experts consulted actively with a wide range of stakeholders through questionnaires, in-person and phone interviews, regional consultative meetings and Convention outreach meetings to produce CDI reports.<sup>5</sup> In addition to the assessment of country needs, the CDI undertook assessments of capacity building efforts of the GEF and of other bilateral and multilateral institutions.<sup>6</sup> All nine CDI reports were made available to the thirteenth session of the Subsidiary Body for Implementation in September 2000, and the sixth session of the UNFCCC Conference of the Parties (COP6) in November 2000.

17. The second phase of the CDI was to develop a) elements of strategic collaboration for international support to meet identified capacity building needs to address global environment challenges

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4 In addition to these regional assessments, a separate assessment of capacity building needs of Small Island Developing States was undertaken by a regional expert.

5 The Convention outreach for climate change was organized during the twelfth session of the Subsidiary Body for Implementation in June 2000. Regional workshops to review the experts' reports were organized for Africa in Cairo, Egypt (July 31 and August 1, 2000); for Asia-Pacific in Beijing, China (July 27 and 28, 2000); for Eastern Europe and Central Asia in Prague, Czech Republic (July 17 and 18, 2000); and for Latin America and the Caribbean in Rio de Janeiro, Brazil (July 31 and August 1, 2000). In addition, assistance was provided to the Alliance of Small Island States to organize a workshop in Apia, Samoa, July 28 and 29, 2000.

6 They are currently available at GEF website: [http://www.gefweb.org/Site\\_Index/CDI/cdi.html](http://www.gefweb.org/Site_Index/CDI/cdi.html)

(Strategic Elements) and b) a more targeted action plan outlining how the GEF will support appropriate elements of the strategy (Framework). These Strategic Elements and Framework were developed taking full account of Convention guidance, including a draft UNFCCC framework for developing countries and economies in transition,<sup>7</sup> and the findings of various assessments during first phase. In order to consult widely in a participatory manner, another round of regional meetings were organized.<sup>8</sup> In addition to these regional consultations, the CDI was discussed at the OECD/DAC meeting in Paris, France in March 2001. The CDI document, *Elements of strategic collaboration and a framework for GEF action for capacity building for the global environment* (GEF/C.17/6/Rev.1),<sup>9</sup> was submitted to the 17<sup>th</sup> Session of the GEF Council meeting (May 2001) for its consideration.

18. In accordance with the GEF Council decisions on the CDI,<sup>10</sup> the GEF Secretariat will present and make the CDI document available during the seventh session of Conference of Parties to the UNFCCC. A consultative meeting will be scheduled with interested delegations during the seventh session to exchange views on the Strategic Elements and Framework.

7 FCCC/CP/2000/CRP.11 and FCCC/CP/2000/CRP.12

8 Regional consultations were organized for Africa in Cape Town (March 7 and 8, 2001); for Asia-Pacific in Kuala Lumpur, Malaysia (March 1 and 2, 2001); Eastern Europe and Central Asia in Istanbul, Turkey (February 22 and 23, 2001); and Latin America and the Caribbean in Buenos Aires, Argentina (March 7 and 8, 2001). In addition, assistance was provided to the Alliance of Small Island States to organize a workshop in Nicosia, Cyprus (January 19, 2001).

9 The document is available at GEF website:

[http://www.gef.org/Documents/Council/Documents/GEF\\_C17\\_C17.6\\_Rev1.pdf](http://www.gef.org/Documents/Council/Documents/GEF_C17_C17.6_Rev1.pdf)

<sup>10</sup> The Council, having reviewed document GEF/C.17/6/Rev.1:

- (a) takes note of the proposed strategic elements and framework for GEF action to guide a more focused, strategic approach to capacity building for the global environment;
- (b) requests the GEF Secretariat to present the proposed strategic elements and the framework to the Conference of the Parties to the Convention on Biological Diversity, the UN Framework Convention on Climate Change and the UN Convention to Combat Desertification and to consult with them on the proposed strategic elements and framework for GEF action;
- (c) requests the GEF Secretariat, in collaboration with the Implementing Agencies and Executing Agencies, to initiate processes so that the self assessment of capacity building needs can begin immediately in countries that request such assistance. The Council agrees that country requests for financial assistance up to US\$200,000 should be developed, approved and implemented through expedited procedures and further agrees that such requests may be approved by the CEO. For countries requesting financial resources beyond US\$200,000 the project proposal should be developed, approved and implemented in accordance with the GEF project cycle. The GEF Secretariat is invited, in collaboration with the Implementing Agencies and Executing Agencies, to prepare and widely disseminate guidelines to assist countries to prepare project proposals for such assistance;
- (d) requests the GEF Secretariat to consult with intergovernmental and non-governmental organizations participating in capacity building activities related to the global environment and sustainable development on the proposed strategic elements and framework for GEF action; and
- (e) requests the GEF Secretariat to present to the Council at its meeting in April 2002 revised strategic elements and framework for GEF action that take into account the views expressed by the Conferences of the Parties and others consulted pursuant to this decision as well as lessons emerging from the national assessments.

19. The GEF Secretariat is also in a process of developing guidelines for self assessment of capacity building needs, in close collaboration with the Implementing Agencies, UNITAR and executing agencies. The GEF Secretariat is convening a consultative workshop to exchange views on guidelines in Washington, DC, on September 11 and 12, 2001, and will finalize the guidelines by the end of September 2001, for wide dissemination. The Strategic Elements and Framework for capacity building will be reviewed and revised based on the consultations identified by the Council. The Council will consider the revised proposals at its meeting in May 2002.

*(c) High Level Panel on Renewable Energy*

20. As the principal supporter of renewable energy projects in developing countries and countries with economies in transition, the GEF organized a High Level Panel on Renewable Energy on April 18, 2001, during the ninth session of the UN Commission on Sustainable Development (CSD 9). Mohamed El-Ashry, Chief Executive Officer and Chairman of the GEF and Nitin Desai, UN Under Secretary-General for Economic and Social Affairs, co-chaired the panel discussion which addressed the question of what real opportunities poor countries have to finance their energy needs affordably and sustainably. The panel also highlighted for country delegations practical solutions to their needs for renewable energy financing, including the contribution of renewable energy technologies to sustainable development and strategies for accelerating their use in developing countries. Other panel members include: Syda Bbumba, Energy Minister of Uganda; Jose Goldemberg, Professor of the University of Sao Paulo, Brazil; and Sir Mark Moody-Stuart, Chairman of the Royal/Dutch Shell Group. Among more than 140 participants, the workshop was attended by the Chairman of the CSD9 and Ministers of more than 20 countries, Heads of delegations and Heads of New York missions.

*(d) Workshop on PV Market*

21. On September 25 – 28, 2000, the GEF organized a workshop “Making a Difference in Emerging PV Markets: Strategies to Promote Photovoltaic Energy Generation Review and Outlook”. Sponsored by the Swiss Agency for the Environment, Forests and Landscape and the United Nations Foundation, the workshop was held in Marrakech, Morocco and brought together approximately 100 experts from diverse backgrounds including developing countries, GEF Implementing Agencies, and the private sector. The workshop discussed current and future government programs, private initiatives and opportunities to promote PV electricity generation in developing countries. The participants also debated the critical issues related to the growth and success of PV markets in developing countries.

## **V. GEF MONITORING AND EVALUATION ACTIVITIES**

### **A. Project Performance Report 2000**

22. During the reporting period, the GEF published the Project Performance Report 2000<sup>11</sup>. This GEF Project Performance Report presents the results of the 2000 GEF Project Implementation Review (PIR). This is essentially a monitoring process based upon reporting by the GEF Implementing Agencies. The report also draws upon additional information and insights about the performance of GEF's programs from evaluations and other studies. This broader focus provides insights into important cross-cutting issues and lessons identified from implementation experience.

#### *2000 PROJECT IMPLEMENTATION REVIEW*

23. As of June 30, 2000, a total of 753 projects, including full and medium-sized projects as well as enabling activities, had been allocated funding in approved GEF work programs. The total funding for these projects was US\$2,947 million. By value, 40 percent were biological diversity projects and 37 percent were in the climate change focal area. The international waters focal area stood for 13 percent, while projects to phase out ozone-depleting substances and multiple focal area projects each had five percent of the total value.

24. During FY2000, 40 full projects, 48 medium-sized projects and 35 enabling activities with total GEF funding of US\$485.1 million were approved by the GEF Council. Cumulative disbursements for the entire GEF portfolio increased during the FY2000 to US\$1,024 million, up from US\$805 million in the year before. The 2000 PIR, which does not cover enabling activities under expedited procedures, includes 171 projects that have been in implementation for at least one year as of June 30, 2000. This represents an increase from 135 projects in 1999 and 119 in the year before.

25. A total of 42 projects (25 percent) were rated by the Implementing Agencies as highly satisfactory. Percentage-wise, this is down from 29 percent in 1999. By focal area, the percentages of projects with highly satisfactory ratings vary from 8 percent in ozone to 29 percent in biodiversity. Only 15 projects (9 percent) were rated as unsatisfactory on implementation progress, prospects for achieving global environmental objectives, or both.

26. General lessons emerged from the review. In the climate change area, the portfolio contains several projects that have been instrumental in bringing about important policy reforms in countries to promote renewable energy development. Efforts to strengthen institutions and raise awareness continue to provide the basis for further promotion of project approaches and concepts. In several cases, projects have encouraged private sector entrants into the market. Capacity building is a central theme in GEF climate change activities. Projects target a wide range of capacity building to public agencies, private sector firms, financiers, consumers, community organizations and NGOs.

27. During the year 2000, one full evaluation and two thematic reviews were completed by the GEF monitoring and evaluation team. All of them found that GEF has had several positive impacts but that there were areas where improvements were needed. The review of the climate change enabling activities concluded that the GEF projects had significantly assisted non-Annex I countries to meet their communication commitments under the climate change convention. Similarly, the GEF support had strengthened the countries capacities in the climate change area. However, the evaluation raised

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<sup>11</sup> See the document from GEF home page: [www.gefweb.org](http://www.gefweb.org). Monitoring and Evaluation Program.

questions about the sustainability of the capacity development actions and noted that the emphasis was generally on meeting the convention obligations rather than helping the countries to develop policies and strategies to deal with climate change in the long term. The GEF Secretariat made a presentation on the thematic reviews at the sixth session of the Conference of the Parties.

28. The thematic review of multi-country project arrangements recognized GEF's beneficial role as a facilitator of creating a shared vision and political commitment between countries to address environmental issues pertaining to a transboundary resource. It also noted that creating this commitment is a long-term process and complex projects involving several countries often requires lengthy preparation periods.

29. Two cross-cutting issues were highlighted specifically during the 2000 performance review:

- (a) **Addressing Political, Institutional and Economic Risks in Projects.** GEF projects are susceptible to political, institutional and economic risks, which often results in temporary delays and sometimes disruptions. Projects will often achieve all intermediary objectives or direct deliverables, but may not reach the overall objectives due to adverse external circumstances. It was agreed that there is a need to identify how GEF projects could be rendered more robust against external as well as internal risks. Secondly, it is essential to have good monitoring systems in place and to reassess the risk landscape constantly during project implementation. This is particularly important as not all risks can be envisioned at the time of project preparation. It is necessary to be prepared to restructure projects so that they can better respond to changing conditions. This will require flexible procedures and an iterative approach to project management. Canceling a project should be the last resort when the costs of continuing the project clearly exceed the potential benefits; and
- (b) **Promoting Demonstration and Replication Effects.** GEF's catalytic role is central to the Operational Strategy. As part of the project review criteria, replicability needs to be fully addressed in every GEF project. GEF must target its dissemination activities in a much clearer manner taking into account the characteristics and needs of different target groups. Especially at the policy-maker level there is still far too little knowledge about GEF. There is scope for significant horizontal exchange of information and lessons amongst projects, countries and across Implementing Agencies. Medium-sized projects could provide a suitable mechanism for promoting actions that aim for horizontal exchange. It also seems that regional networks are not sufficiently exploited. There is frequently a need for knowledge transfer, training and capacity development to enable replication by countries and NGOs.

## **B. SECOND STUDY OF GEF'S OVERALL PERFORMANCE**

30. The GEF Council approved a plan for the implementation of the Second Study of GEF's Overall Performance (OPS 2) in October 2000. The study is expected to contribute to the third replenishment and the second Assembly of the GEF in 2001-2002. The OPS2 is to be carried out by a "fully independent team" which is expected to complete its work by the end of

2001. The OPS2 is designed to assess the extent to which the GEF has achieved, or is on its way to achieving, its main objectives as specified during the restructuring in 1994, and the policies adopted by the GEF Council in subsequent years.

31. The central theme of OPS 2 is the assessment of impacts and results seen in the context of the four GEF focal areas of biodiversity, climate change, international waters and ozone, as well as in land degradation as it relates to these areas. The study will also analyze how GEF policies, institutional structures and cooperative arrangements have facilitated or impeded results, by focusing on four main topics: (i) Operational and Program Results; (ii) Effects of GEF Policies on Results; (iii) Effects of GEF's Institutional Structure and Procedures on Results; and (iv) "Country ownership" and sustainability of results. A key issue is whether GEF policies are adequately responding to the objectives of: the Convention on Biological Diversity; UN Framework Convention on Climate Change; UN Convention to Combat Desertification; and the effectiveness of GEF efforts in supporting, the Montreal Protocol and other relevant conventions.

### **C. Climate Change Program Study<sup>12</sup>**

32. To facilitate the work of the OPS2 team, GEF's Monitoring and Evaluation team, in cooperation with the Implementing Agencies, undertook program studies in the biodiversity, climate change, and international waters focal areas. The role of these program studies is to provide portfolio information and inputs for the OPS2 team's consideration. The climate change program study was undertaken by an inter-agency team comprised of staff from the GEF Secretariat, the three Implementing Agencies, and the GEF Scientific and Technical Advisory Panel with additional support from consultants.

33. During the last decade, the GEF has provided financial support for more than 270 projects for a total GEF allocation of over a billion US Dollars in 120 countries under its climate change focal area. Not counting enabling activities and some short-term measures, there are 120 projects covering 60 countries demonstrating an impressive range of approaches to promoting energy efficiency, renewable energy, and to a lesser extent sustainable transport.

34. The GEF Climate Change Program Study, initiated in June 2000, set out to answer four questions:

- (a) Are activities relevant to country needs and global objectives?
- (b) What are the most significant implementation issues and lessons?
- (c) What are the impacts/likely impacts of GEF projects?
- (d) What are the factors influencing sustainability and replication?

35. Eight significant lessons emerging from the climate change program study are highlighted in this synthesis:

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<sup>12</sup> See document GEF C/17/Inf.5 from GEF home page: [www.gefweb.org](http://www.gefweb.org).

- (a) *Lessons and good practices are emerging but need to be better incorporated into project designs to promote cross-learning.* One of the key advantages of supporting projects through the GEF Operational Programs is to facilitate learning within the portfolio. This study finds that cross learning is slow and has not happened effectively until more recently. While the annual Project Implementation Reviews do provide a forum for learning, the first concerted effort in the climate change portfolio was the Solar PV cluster review completed in 2000.
- (b) *Indirect influences and impacts are key GEF results.* Some of the key impacts of GEF-financed projects are indirect in the sense that they are not explicit objectives of projects. Also, in many cases, significant impacts from projects have been recorded during project preparation (PDF) phases or early in implementation.
- (c) *Replication of project results is not well planned and monitored.* In general, the portfolio is still too immature to gauge how well replication is providing global environmental benefits.
- (d) *Project risk assessment and management needs to be strengthened.* Project implementation is often hindered by the inability to adjust to changes in the market, policy, macroeconomic conditions, co-financing and government commitment.
- (e) *Technological know-how transfer is more difficult* than projects anticipate given problems with technology acquisition and application to domestic conditions.
- (f) *Long-term programmatic approaches require sufficient GEF "credibility" and experience in a country.* It takes time to accumulate experience with a set of GEF-financed projects before a wide range of country stakeholders can develop a program embracing the principles of GEF operational programs.
- (g) *The GEF's potential for influencing policy needs to be better utilized.* While influence of GEF projects can be seen in three main areas – national codes and standards, electric power sector policies, and rural electrification policies --, the impacts achieved to date are modest.
- (h) *Impacts on social benefits and poverty alleviation need to be assessed.* Though there is a fair amount of evidence of beneficiary participation in projects, especially those that cater to rural energy development needs, these experiences need to be documented and systematically integrated into country sustainable development programs.

**LIST OF REPORTS PREVIOUSLY SUBMITTED BY THE GEF COUNCIL  
TO THE CONFERENCE OF THE PARTIES TO THE UNFCCC**

*Report of the Global Environment Facility to the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change on the Restructured Global Environment Facility (A/AC.237/89, December 14, 1994)*

*Report of the Global Environment Facility to the Conference of the Parties on the Development of an Operational Strategy and on Initial Activities in the Field of Climate Change (FCCC/CP/1995/4, March 10, 1995)*

*Report of the Global Environment Facility to the Second Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC CP/1996/8, June 27, 1996)*

*Report of the Global Environment Facility to the Third Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC CP/1997/3, October 31, 1997)*

*Report of the Global Environment Facility to the Fourth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC CP/1998/12, September 29, 1998)*

*Report of the Global Environment Facility to the Fifth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC CP/1999/3, September 29, 1999)*

*Report of the Global Environment Facility to the Sixth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/2000/3, October 11, 2000)*

### SYNTHESIS OF PROJECTS UNDER IMPLEMENTATION IN THE CLIMATE CHANGE FOCAL AREA

## Climate Change

1. Since 1991, approximately US\$1.3 billion was provided in grants from the GEF Trust Fund for climate change projects (Tab.1). An additional US\$6.9 billion was contributed through co-financing which makes a total of US\$ 8.2 billion. Out of this, US\$ 94.7 million have been allocated to Enabling Activities, and US\$ 21.5 million to Medium Sized Projects (MSP). With this allocation, climate change represents about 37% of the GEF portfolio in financial terms and is responsible for the largest share of leveraged co-financing. A complete listing of GEF project activities in the climate change area is contained in the *Operational Report on GEF Programs (June 2000)*. The allocation of funds to the IAs and OPs is shown in Fig. 1 and 2.

**Tab.1 GEF Financed Climate Change Projects, FY1991- FY2001<sup>13</sup>**

| Type of Project                   | (FY 91-FY 94) |               | (FY 1995-FY 2001) |                | Total      |                |
|-----------------------------------|---------------|---------------|-------------------|----------------|------------|----------------|
|                                   | Number        | (\$million)   |                   |                | Number     | (\$million)    |
| Full                              | 33            | 230.51        | 94                | 903.94         | 127        | 1134.45        |
| Full projects (pipeline)          | N/A           | N/A           | 61                | 18.55          | 61         | 18.55          |
| Medium-Sized                      | N/A           | N/A           | 29                | 21.47          | 29         | 21.47          |
| Enabling Activities <sup>14</sup> | 5             | 20.00         | 179               | 74.69          | 184        | 94.69          |
| <b>Total</b>                      | <b>38</b>     | <b>250.51</b> | <b>363</b>        | <b>1018.65</b> | <b>401</b> | <b>1269.16</b> |

2. Activities under the well established Operational Program #5 (Energy Efficiency) and Operational Program #6 (Renewable Energy) continue to dominate the portfolio with 19 new full projects (commitments of US\$ 145 million and co-financing of US\$ 577 million) and six MSPs in FY 2001 based on a strong demand for market barrier removal activities in the recipient countries. This compares favorable with nine full projects and seven MSPs under Operational Programs #5 and #6 in the previous year. The trend in GEF allocation and co-financing is shown in Figure 3. In FY01, 38 project concepts entered into the project pipeline, mostly for Operational Programs #5 and #6, demonstrating a high demand for GEF resources in the climate change area.

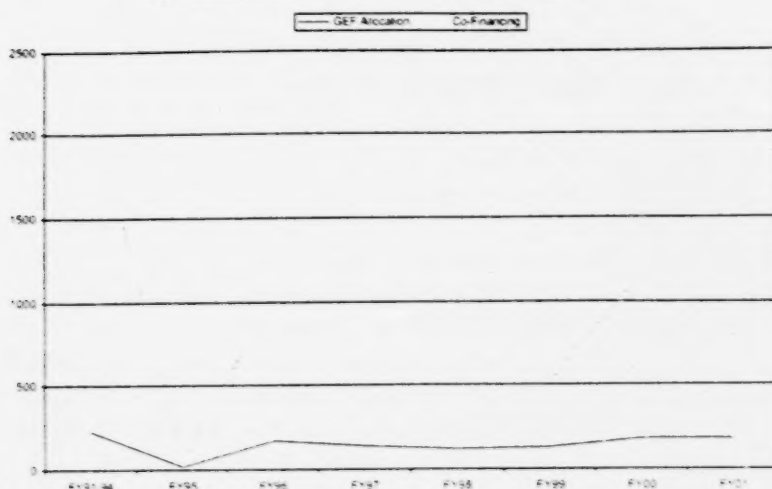
<sup>13</sup> This data excludes projects which are pending or cancelled.

Cancelled: 12 projects GEF: \$ 38.98m

Pending: 20 projects GEF: \$ 5.43m

<sup>14</sup> Includes six full-size project EAs

Fig. 3 Cumulative Trend in GEF Allocation and Co-Financing (FY91-FY01)



3. Under Operational Program #7 (reduction of long-term cost of low greenhouse gas emitting technologies), no new project has been added. New projects under Operational Program #7 tend to be small in number but large in size and have always been between zero and two new projects per annum. However, progress was made on Integrated Gasification Combined Cycle Technology with recent pipeline entry of the first project concept for IGCC based on coal/lignite in the Czech Republic, following the recommendation of STAP for a "zero CO<sub>2</sub> emission from coal" strategy. In PV, the CEPALCO large scale PV project which is the first project to support the long-term reduction in PV cell cost is under way in the Philippines. Regarding fuel cell technology, the fuel cell bus projects have originally been conceived under Operational Program #7 and subsequently moved to Operational Program #11, whilst stationary fuel cells remain a project under Operational Program #7. In this connection, UNEP and IFC are presently developing an MSP.
4. The pipeline for the relatively new program Operational Program #11 (sustainable transport) is growing. Four new full projects have been added under Operational Program #11 with new commitments of US\$ 24m and co-financing of US\$ 28m. At pipeline entry, the number of proposals for non-technology activities like urban planning, modal shift etc. is growing which signals the desired diversification in Operational Program #11 activities. It is expected that this trend will be accelerated by learning from the existing projects and PDF activities, and communicating the program objectives and activities to the partner countries and the agencies.
5. The number of new MSPs in FY 01 has come down to eight from 12 MSPs last year. The FY 01 has shown additional benefits of MSPs as an appropriate source for global research funding which aims at structuring complex and expensive projects.
6. GEF has supported adaptation activities so far through enabling activities, focusing on vulnerability and impact assessments and identification of adaptation options. Two regional enabling activity projects stand out in this respect: *Caribbean Planning for Adaptation to*

*Climate Change* (CPACC) and *Pacific Island Climate Change Assistance Programme* (PICCAP). A global project titled *Assessments of Impacts of and Adaptation to Climate Change in Multiple Regions and Sectors* (prepared by UNEP in coordination with the IPCC) was recently approved for work program inclusion. The goal of this project is to support scientific assessment of climate change impacts and adaptation options for the most vulnerable regions and sectors in developing countries. GEF allocation for this project was US\$7.5 million. GEF has also included two adaptation project concepts in its pipeline: a regional project on *Capacity Building for Stage II Adaptation to Climate Change in Central America* (UNDP), and a regional project on *Mainstreaming Adaptation to Climate in the Caribbean* (WB). Both of these project proposals are currently under preparation. Further support of adaptation measures depends on evolving COP guidance consistent with the outcomes from Bonn recently and COP 7 in November. The Secretariat plans to address the topic in the Convention Relations paper to be prepared for the December Council meeting. As adaptation cuts across focal areas (land degradation, biodiversity, international waters, and climate change), coordination and cross-fertilization will be required between the various players within and outside GEF.

7. A few Operational Program #12 Integrated Ecosystem Management projects which are managed under GEF's Land and Water Focal Area have climate change related components, such as the *Oaxaca Sustainable Hillside Management Project*, a targeted research MSP in Mexico which explores carbon sequestration impacts associated with improved land management practices in several production systems. Also, two other targeted research projects, a global MSP on the *Assessment of Soil Organic Carbon at National Scales* and a regional MSP on the *Impacts on and Adaptation of Agro-Ecological Systems in Africa* are currently under review.
8. Most climate projects continue to be defined by a single country. However, two projects in FY 2001 were regional projects addressed to multiple countries with shared boundaries and justified by the greater efficiency and effectiveness of a regional approach. For example, the UNDP Caribbean Regional Renewable Energy Development Program uses the existing CARICOM (Caribbean Conference) institutions to implement barrier removal activities in the region. One new project on assessment of impacts and adaptation to climate change is global, i.e. it is not tied to specific country endorsements. These are typically justified by a technical or technology objective such as the UNEP solar and wind resource assessment or the UNEP fuel cell technology assessment.
9. The impact of the climate change program activities has been studied in detail to support the OPS 2. The results of the *Climate Change Program Study* have been presented to the Council in May 2001 (GEF C.17/Inf.5). Most importantly, the impact study shows that many projects have generated encouraging results beyond the direct project output. A number of projects have had indirect influence and impact in the partner countries in terms of transforming markets for low greenhouse gas emitting technologies and making investments in such technologies economically viable.
10. GEF continues to increase co-operation with private sector stakeholders (investors, NGO) which play a major role in the success of the climate change program, most important being to

ensure the sustainable flow of funds into climate friendly investment and the replication of GEF supported projects which leads to self-sustaining markets for energy efficiency and renewable energy technologies. The climate change program has stepped up the private sector activities beyond the traditional supply role of private business towards early consultation and strategy development. For example, the UNDP fuel cell bus projects and UNEP assessment of fuel cells included extensive consultation with private sector developers of fuel cells. Recent project efforts by both the World Bank and IFC are relying more heavily on the private sector as an effective mode for implementing projects, such as in the Uganda Energy for Development Project and a Philippines off-grid power project under development. The emphasis is on solidifying the government commitment and policy structure to encourage direct participation and investment from the private sector. UNEP and IFC have recently engaged the PV industry in a dialogue about future large scale solar cell market development in the context of the Philippines Cepalco project and the UNEP Conjunctive PV/Hydro Assessment. UNEP is also developing its new SANet program in collaboration with trade associations and business groups interested in facilitating more sustainable business practices.

11. Recent inclusions in the work program are good examples for improved private sector involvement in the climate change program:
  - The China: Renewable Energy Scale-up Program (CRESP) which is implemented by the World Bank aims at creating a renewable energy market environment which will eventually lead to investments of US\$ 10 billion over ten years, most of which will come from the private sector.
  - The PV market development initiative involves the PV industry and utilities already at the conceptual stage in order to identify those GEF activities which are helping the private sector to grow a sustainable PV market.
  - The Eastern Europe ESCO Strategy which is under development and will give a focus to ongoing and future ESCO projects in the region puts the private sector ESCOs at the center of the initiative.
  - The fuel cell bus development projects consult closely with international private sector entities which have reacted by forming a business development group for fuel cell busses in emerging markets.
  - Energy efficiency projects in Croatia, Romania and Hungary use GEF non-grant financing (contingent loans and grants, guarantee fund) in response to private sector demand.
12. Larger-scale, long-term programmatic efforts are emerging in the climate program, notably in China and India. The mention of the World Bank China CRESP project supports a Government endorsed effort to implement a Mandated Market Share (or Renewable Energy Portfolio Standard, nominally estimated at 5%) for renewables for all electric power capacity additions over the next decade. CRESP is expected to induce associated investments of around \$7-10 billion over its lifetime and \$212 million in Phase I. It is estimated that by 2010, the scale up will result in an incremental annual production of electricity from renewable sources of 38 TWh, equivalent to about 7.9 GW of installed capacity. The carbon savings of the project are estimated at 187 MtC. This project signifies a significant shift in approach (there are no hardware subsidies associated with the GEF funds; it is for a very large and sustained policy and TA effort) and government commitment, and it will engage the private sector directly for

most of these investments. This project highlights not only mainstream energy supply but important opportunities for industrial development of new technology areas. More recently, progress has been made on a Climate Change Partnership for India to tackle both energy efficiency and renewable energy efforts, and instituted in conjunction with and in support of reform efforts. India is similarly capable of significant industrial growth in renewable technologies.

13. During 2000-2001, the GEF climate program continued to develop a number of new strategic directions. These directions have been stimulated by new dialogues and inputs, such as the STAP Power Sector Reform workshop in India in June 2000, the GEF-sponsored Morocco PV workshop in September 2000, the GEF/IFC/UNEP workshop on fuel cells in Paris in May 2001, the Climate Change Program Study by the GEFSEC Monitoring and Evaluation Unit, GEF participation in the G-8 Renewable Energy Task Force, and various ongoing project preparation activities and dialogues between GEF Implementing Agencies and GEF client countries. These strategic directions include:

- (1) Increasing incomes and social benefits with productive uses of renewable energy in rural areas. Projects which utilize renewable energy in a way that generates income or other productive social benefits for rural populations provide important development benefits, while offering the means for rural populations to afford greatly expanded use of renewable energy. Such applications go beyond the provision of lighting with solar home systems to include agriculture, small industry, education, and drinking water. Productive-use applications are underrepresented in the current portfolio.

- (2) Fostering rural entrepreneurship and employment from renewable energy. Widespread delivery of energy services based on renewable energy will only be possible with sufficient entrepreneurial infrastructure in rural areas. The GEF can help foster this infrastructure, incrementally helping new or existing enterprises incorporate renewable energy into their business plans. A strategy that results in a greater number of projects that explicitly incorporate rural energy enterprise development, through both technical assistance and financing, should result in more local entrepreneurship and employment, and even further towards a new paradigm for sustainable energy development in rural areas.

- (3) Testing new ways to share investment risks with the private sector (i.e., through guarantee mechanisms and contingent grants). Thinking on contingent finance mechanisms continues to evolve with new and second-generation approaches in recent projects entered into the work program or pipeline.

- (4) Assisting client governments to integrate renewable energy and efficiency into ongoing processes for restructuring utilities and electric power delivery. Such assistance represents a large opportunity for the GEF, still largely unutilized, to help governments focus on regulatory frameworks, planning, policy, and investment strategies that accelerate the competitiveness and viability of renewable energy and energy efficiency relative to conventional generation.

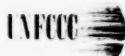
- (5) Helping to align donor, government, and other stakeholder actions to effectively accelerate investments and policies. GEF participation in the G-8 Renewable Energy Task Force was a first step in this direction. The GEF experience and lessons with its renewable energy project

portfolio has and can continue to contribute to understanding among a variety of donors, governments and other stakeholders on effective approaches, models, and modes of collaboration.

(6) Helping client countries plan, evaluate and invest in emerging distributed generation opportunities like grid-connected solar PV and fuel cells. Countries need the capacity and tools to understand these opportunities and lay the groundwork for their introduction in a proactive, rather than reactive manner--even "leapfrogging" technological development in electric power in developed countries.



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Marrakesh, 29 October – 9 November 2001  
Item 2 (i) of the provisional agenda

## ORGANIZATIONAL MATTERS

### ADOPTION OF THE REPORT ON CREDENTIALS

#### Report of the Bureau

#### I. INTRODUCTION

1. In accordance with rule 19 of the draft rules of procedure being applied, "the credentials of representatives as well as the names of alternate representatives and advisers shall be submitted to the secretariat if possible not later than twenty-four hours after the opening of the session. Any later change in the composition of the delegation shall also be submitted to the secretariat. The credentials shall be issued either by the Head of State or Government or by the Minister of Foreign Affairs or, in the case of a regional economic integration organization, by the competent authority of that organization."
2. Furthermore, rule 20 of the draft rules of procedure being applied, provides that "the Bureau of any session shall examine the credentials and submit its report to the Conference of the Parties."
3. The present report is submitted to the Conference of the Parties in the light of the foregoing.



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## II. CREDENTIALS OF PARTIES TO THE SEVENTH SESSION OF THE CONFERENCE OF THE PARTIES

4. On 9 November 2001, the Bureau met to examine the credentials submitted by Parties to the Convention.

5. The Bureau had before it a memorandum dated 8 November 2001 from the Executive Secretary on the status of credentials of representatives participating in the Conference. The information in this memorandum is reflected below.

6. As noted in the memorandum of the Executive Secretary, formal credentials issued by the head of State or Government or by the Minister for Foreign Affairs, as provided for in rule 19 of the draft rules of procedure being applied, had been received by the secretariat for the representatives of the following 129 Parties participating in the Conference: Albania, Algeria, Antigua and Barbuda, Argentina, Armenia, Australia, Austria, Bahamas, Bahrain, Barbados, Belarus, Belgium, Benin, Bhutan, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, Cambodia, Cameroon, Canada, Chile, China, Colombia, Congo, Cook Islands, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Democratic Republic of the Congo, Denmark, Dominican Republic, Egypt, El Salvador, Eritrea, European Community, Finland, France, Germany, Ghana, Greece, Guinea, Honduras, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kuwait, Lao People's Democratic Republic, Latvia, Lesotho, Libyan Arab Jamahiriya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malaysia, Maldives, Mali, Marshall Islands, Mauritius, Mexico, Monaco, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saint Lucia, Samoa, Saudi Arabia, Seychelles, Sierra Leone, Singapore, Slovakia, Slovenia, South Africa, Spain, Sudan, Suriname, Sweden, Switzerland, Thailand, The former Yugoslav Republic of Macedonia, Tunisia, Uganda, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Uzbekistan, Vanuatu, Venezuela, Viet Nam, Yemen, Yugoslavia, Zimbabwe.

7. Information concerning the appointment of representatives participating in the Conference had been communicated by means of facsimile in the form of letters or notes verbales from ministries, embassies, permanent missions to the United Nations or other Government offices or authorities, or through local United Nations offices, by the following 41 Parties participating in the Conference: Angola, Azerbaijan, Bangladesh, Bolivia, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Djibouti, Dominica, Ecuador, Estonia, Ethiopia, Gabon, Gambia, Georgia, Grenada, Guatemala, Guinea-Bissau, Guyana, Haiti, Kyrgyzstan, Malawi, Mauritania, Nauru, Niger, Niue, Philippines, Republic of Moldova, Rwanda, Sao Tome and Principe, Senegal, Sri Lanka, Swaziland, Syrian Arab Republic, Tajikistan, Togo, Turkmenistan, Tuvalu, Zambia.

8. Consequently, the President proposed that the Bureau should accept the credentials of all the representatives mentioned in the memorandum of the Executive Secretary, on the understanding that formal credentials for the representatives referred to in paragraph 7 above would be communicated to the secretariat as soon as possible. The Bureau accepted the proposal and agreed to submit the present report to the Conference. The Bureau further agreed to recommend to the Conference that it take note of this report.

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Item 4 of the provisional agenda

**INPUT TO THE WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT**

**Note by the secretariat**

**I. INTRODUCTION**

**A. Mandate**

1. The General Assembly, by its resolution 55/443 of 20 December 2000, invited the Conference of the Parties (COP) at its seventh session to contribute to the preparation of the ten-year review of the implementation of Agenda 21 and the Programme for the further implementation of Agenda 21. This contribution is to be considered by the Preparatory Committee for the World Summit on Sustainable Development (WSSD) scheduled to meet in January 2002.
2. The Subsidiary Body for Implementation (SBI), at its twelfth session, requested the secretariat to prepare elements, for consideration at its fourteenth session, with a view to its recommending a draft decision for adoption at COP 7 (FCCC/SBI/2000/5, para. 43 (h)). The SBI, at its fourteenth session, agreed to postpone consideration of these elements to its fifteenth session (FCCC/SBI/2001/9, para. 3).

### **B. Scope of the note**

3. This note addresses the following questions that the COP may wish to address in formulating its contributions to the preparation for the WSSD:

- (a) Linkages between climate change and sustainable development: institutional arrangements;
- (b) Evolution of scientific and technological knowledge on climate change;
- (c) Experience gained in the implementation of the Convention;
- (d) Implementation of the Buenos Aires Plan of Action; and
- (e) Examination of the obligations in the light of the objective of the Convention

4. The elements below may assist the COP in addressing these questions.

### **C. Possible action by the Conference of the Parties**

5. Following a discussion in the Bureau of COP 6, it is proposed that this item be taken up in the plenary of the COP. The COP may wish to consider the elements contained in this note to prepare its input to the World Summit on Sustainable Development. As the input is to be made to the Preparatory Committee for the WSSD, scheduled to be held in January 2002, action is requested by COP 7. The COP will be informed at its eighth session on the action taken.

## **II. ELEMENTS**

6. These elements draw upon the Third Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), the compilations and syntheses of national communications by Parties included in Annex I and Parties not included in Annex I to the Convention, and documents prepared for, and relevant decisions of, the COP and its subsidiary bodies.

### **A. Climate Change and sustainable development: institutional arrangements**

7. The Framework Convention on Climate Change was opened for signature at the United Nations Conference on Environment and Development in 1992. The Convention has achieved near universal membership, having received 186 instruments of ratification, as at October 2001. The Convention establishes institutions and processes for promoting scientific understanding, international cooperation and national action. The Conference of the Parties to the Convention has taken various decisions relating to information and analysis, the development of methodologies and guidelines on reporting, technical and financial cooperation and review of implementation. The secretariat, guided by the Parties, supports decision-making by developing and disseminating information, undertakes analyses, and organizes workshops which inform the proceedings at the inter governmental level. The secretariat is emerging as a centre for data on greenhouse gas emissions.

8. Promotion of policy coherence with other conventions related to sustainable development is progressing. For example, a joint liaison group is being formed with the Convention on

Biological Diversity and the United Nations Convention to Combat Desertification to assess linkages across conventions and to promote cooperation and coherence. The IPCC and the Montreal Protocol on Substances that Deplete the Ozone Layer are addressing ways and means to limit emissions of hydrofluorocarbons and perfluorocarbons which have high global warming potential and are used as replacements for ozone-depleting substances. The IPCC is preparing a technical paper on the linkages between climate change, biodiversity and desertification.

9. Climate change is one of the major sustainable development challenges of the twenty-first century. Its adverse effects could lead to changes on the operation of socio-economic systems, human health and welfare, affecting efforts for the eradication of poverty. Responses to climate change need to be coordinated with social and economic development in an integrated manner. The Convention makes several references to sustainable development in the Preamble. For example, it states that responses to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter. It also states that full account should be taken of the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty. The Convention, in Article 3, has as a principle that Parties have a right to, and should, promote sustainable development. The Kyoto Protocol, in Article 2, stipulates that policies and measures for achieving quantified emission limitation and reduction commitments should promote sustainable development.

10. Agenda 21, in chapter 9 on Protection of the Atmosphere, has identified energy development, efficiency and consumption; transportation; industrial development; and terrestrial and marine resource development and land use as programme areas for promoting sustainable development. Agenda 21 also describes measures to protect the atmosphere as a broad and multi-dimensional endeavour involving various sectors of economic activity, and progress is reviewed by the Commission on Sustainable Development.

11. The General Assembly regularly considers information on the work of the Conference of the Parties under an item on protection of the global climate. The General Assembly also considers measures for enhancing complementarities among international instruments related to the environment and sustainable development. The Convention, and its related Protocol, support the international commitment for the achievement of sustainable development.

#### **B. Evolution of scientific and technological knowledge of climate change**

12. Three assessment reports of the Intergovernmental Panel on Climate Change have provided a scientific basis for, and supported the development of, a global strategy for addressing climate change and its adverse effects. The Third Assessment Report (published in 2001), has projected that carbon dioxide concentrations and surface temperatures will increase globally, and asserted that the earth's climate system had changed, globally and regionally, with most of the warming observed over the last 50 years attributable to human activities.

13. Impacts of global warming include an accelerated rise in sea levels, increased frequency and severity of extreme weather events, changes in patterns and levels of precipitation, the drying of arid and semi-arid areas from decreased precipitation, and the spread of vector borne diseases. Biological systems have already been affected in many parts of the world by changes in climate, particularly increases in regional temperature. Climate change has had adverse effects on forests, agricultural productivity, water resources, human settlements, health and ecosystems. The impacts are expected to be greatest in the high latitudes of the Northern Hemisphere and in developing countries in terms of loss of life and relative effects on investment and on economies.

14. The IPCC has also assessed available information on the timing, opportunities, costs, benefits, and impacts of various mitigation and adaptation options. For example, significant progress relevant to the potential for greenhouse gas emission reductions has been made and has been faster than anticipated in earlier reports of the IPCC. Technological options which can be implemented at "negative cost", that is, which are economically beneficial, are available for emission reduction and limitation. Lower emission scenarios will require different patterns of energy resource development. The choice of energy mix and associated investment will determine at what level and cost greenhouse gas concentrations can be stabilized. The capacity of countries to adapt and mitigate can be enhanced when climate policies are integrated with national sectoral policies. The climate change issue is a part of the larger challenge of sustainable development.

### **C. Experience gained in the implementation of the Convention**

The Convention provides for national action and international cooperation. The main source of information related to implementation are the national communications.

#### *National communications*

15. By October 2001, thirty-three industrialized countries that are Parties (Annex I Parties) had submitted their second national communications; the third national communications are to be submitted by 30 November 2001. For these countries, in-depth review reports provide an assessment of information reported by Parties relating to greenhouse gas inventories, projections, policies and measures, national circumstances and other issues. Annual greenhouse gas inventories supplement the national communications. The technical review of these inventories on an annual basis began in 2000.

16. By October 2001, fifty-eight developing country Parties (non-Annex I Parties) had submitted their initial national communications, while one developing country Party had submitted its second national communication. To improve national communications from developing countries, a Consultative Group of Experts (CGE) has been established to review existing activities and to facilitate and support the preparation of national communications.

17. Most countries have begun to include research into the socio-economic impacts of climate change in their national programmes. While some, particularly in the temperate latitudes, have reported positive impacts in agriculture, overall the impact of climate change is expected to be mixed, and to be largely negative in tropical, coastal and mountain areas. Adaptation measures are considered important in the agriculture sector, focusing on research into new crops; changed methods of cultivation are also being considered to address the risks. Countries are cooperating in activities to strengthen global climate observing systems to better monitor changes in climate. The role played by education, training and awareness is being stressed in the national communications.

#### *Developing Countries*

18. Developing countries are expanding their electric power and industry infrastructures, and this provides opportunities for improving energy intensities. Some developing countries have made significant strides in improving the energy intensity of their economies, i.e. have increased economic output while limiting increases in emissions of greenhouse gases.

19. The communications from developing countries reflect their widely differing national circumstances and emphasize linkages between the adverse effects of climate change concerns and economic development. The dominant theme is the need for better quality data, improved information and scientific research, financial resources and technical expertise, improved technologies, and institutional development. For some developing countries, in particular the least developed countries, the percentage of the population living in absolute poverty remains high. Consequently, livelihood concerns of maintaining natural ecosystems, building water supply systems, increasing food production and diversifying their economies is the important development priority objective. Least developed countries, in particular small island developing States and countries with low-lying coastal areas, are seeking to involve local communities in order to tap indigenous knowledge and local technologies in developing coping strategies. Sustainable development and the integration of climate change concerns into planning are being considered in most developing countries, in line with long-term goals such as production of more food, energy security, improvements in the quality of water and standards of health, coping with natural disasters and insurance-related actions, protection of coral reefs, and combating desertification.

20. The Conference of the Parties in reviewing the implementation of the Convention by developing countries, in 2000, concluded that the Parties which have submitted their national communications are taking measures to address climate change and its adverse impacts.<sup>1</sup>

#### *Industrialized countries*

21. The policies and measures adopted by industrialized countries have been motivated primarily by economic efficiency, with the underlying aim of reducing greenhouse gas emissions, focusing on the restructuring of energy sectors, promoting energy efficiency and improvements in the efficiency of transport systems. The measures include energy market liberalization, increased

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<sup>1</sup> FCCC/CP.2000/5/Add.2, decision 3/CP.6

efficiency in energy production and conversion; fuel switching from coal and heavy fuel oil to natural gas; research and development in, and a shift to, renewable energy; increased energy end-use efficiency; technical improvements in lighting, appliances and equipment; improved vehicle fuel economy; and preservation of and an increase in carbon sinks in forests. Activities are under way to promote the exchange of information on planned and implemented policies and measures.

22. For industrialized countries the spectrum of policies and measures being implemented is diverse and includes a range of economic instruments – particularly taxes, regulations, research and development and voluntary programmes. Because of differences in national circumstances, the approaches to designing and implementing policies, even when they are similar, varies from one country to another. The cost-effectiveness of policies and measures is considered to be very important, including, *inter alia*, benefits across different sectors, and benefits to the environment other than climate change mitigation. Significantly, industries are taking the initiative to reduce their own emissions through voluntary agreements. Many countries are designing new climate-driven policies largely using market-type instruments, such as taxes and emissions trading as part of the national policy package.

23. The Conference of the Parties in reviewing the implementation of the Convention by industrialized countries, in 1998, concluded that greenhouse gas emissions from countries with economies in transition have declined while industrialized countries as a whole exhibited growing aggregate greenhouse gas emissions. Industrialized countries are fulfilling their commitments to implement national policies and measures to mitigate climate change but, according to available information, many industrialized countries would not have fulfilled the aim of returning individually their greenhouse gas emissions to 1990 levels by the year 2000<sup>2</sup>. Total emissions of greenhouse gases for industrialized countries in the year 2000 are likely to be close to 1990 levels.<sup>3</sup>

24. Industrialized countries are to take the lead in modifying longer term trends in anthropogenic emissions consistent with the objective of the Convention. Their aggregate emissions of greenhouse gases are projected to be approximately 6 per cent above 1990 levels by the year 2010. Greenhouse gas emissions from economies in transition have declined by 38 per cent by the year 1999 and are projected to be about 29 per cent below 1990 levels in the year 2010. Other industrialized countries have exhibited growing greenhouse gas emissions, with an increase of 7 per cent from 1990 to 1999; their emissions are projected to be 21 per cent above 1990 levels in the year 2010.<sup>4</sup>

25. Negotiations on a framework for emission limitation and reduction objectives began in 1995, and led to the adoption of the Kyoto Protocol in 1997. The Kyoto Protocol is a system for establishing quantified emission limitation or reduction commitments, as well as targets for an initial five-year period. It sets out for the first time greenhouse gas reduction targets for industrialized countries, for a six-gas basket, with an overall effect of at least five per cent for the period 2008 to 2012 as compared to 1990 levels; provides for the possibility of accounting for

<sup>2</sup> FCCC/CP/1998 decision 11/CP.4.

<sup>3</sup> FCCC/TP/2001/1.

<sup>4</sup> FCCC/TP/2001/1. In 1999, aggregate greenhouse gas emissions (for the basket of six gases) were 4 per cent below for the European Union, 11 per cent above for Japan, and 12 per cent above 1990 levels for the USA.

the sequestration of carbon by sinks, and introduces innovative international market-based mechanisms to help achieve these targets, broadening the range of policy options. These include emissions trading, and two mechanisms aiming to promote investment in emission avoidance in economies in transition and developing countries. The latter, the clean development mechanism, targets sustainable development in developing countries.

#### **D. Implementation of the Buenos Aires Plan of Action**

26. The Buenos Aires Plan of Action, agreed in 1995, consists of elements to strengthen international cooperation for implementation of the Convention and modalities for implementation of the Kyoto Protocol. The core elements of the Buenos Aires Plan of Action were agreed by Ministers at the sixth session of the Conference of the Parties in July 2001. On the basis of that political agreement, draft decisions on elements to strengthen implementation of the Convention and the Protocol were agreed and forwarded for adoption at the seventh session of the Conference of the Parties.

27. Important in forging an effective global response to climate change is the provision of financial resources and the transfer of technology to support measures taken by developing countries in complying with their commitments. The operating entity of the financial mechanism of the Convention, the Global Environment Facility (GEF), and several other agencies and bilateral programmes, are providing such assistance. Industrialized countries are providing bilateral contributions and contributing to the GEF.

28. The need for more funding to assist developing countries in addressing climate change has been recognized. Two new funds are to be established, managed by the GEF: a special climate change fund to finance adaptation, transfer of technologies, emission reductions, and assistance to developing countries in diversifying their economies, and the least developed countries fund to support least developed countries in implementing the Convention, and in particular to address their adaptation needs. One new fund is to be established under the Kyoto Protocol, the adaptation fund, (also managed by the GEF) to finance adaptation projects/programmes, financed from a share of proceeds of the clean development mechanism (two per cent of certified emission reductions) and from other funding.

29. Activities related to adaptation to the adverse effects of climate change are to be supported through the GEF, the special climate fund and the adaptation fund. These include activities in support of methodological work as well as of adaptation projects. Industrialized countries have resolved to prevent or minimize adverse impacts of mitigation measures on developing countries. Support will be provided, through the GEF and the special climate fund, to help developing countries address any negative economic impacts arising from the implementation of mitigation measures by industrialized countries.

30. A framework for meaningful and effective action to increase and improve the transfer of and access to environmentally sound technologies and know-how has been developed. This framework includes activities relating to technology needs assessments, technology information, enabling environments, capacity-building and mechanisms for technology transfer. An expert group on technology transfer has been established to identify ways to facilitate and advance the technology transfer activities identified in the framework.

31. A framework for capacity building in developing countries, in particular the least developed countries and small island developing States among them, has also been agreed to assist in promoting sustainable development while pursuing the objective of the Convention. Within this framework, the emphasis of developing countries is on assistance in collecting data and developing modelling skills to assess the potential effects of climate change on sectors such as agriculture, water resources, coastal zones, fisheries, human health and natural ecosystems. The emphasis of economies in transition is on developing national systems for the estimation of greenhouse gas emissions. Both developing countries and economies in transition have stressed the need to develop institutions for research, monitoring and environmental management.

32. The draft decisions for the Kyoto Protocol mechanisms, land use, land-use change and forestry and the compliance mechanism, are not yet complete. They have been forwarded to the seventh session of the Conference of the Parties, to be held in Marrakesh from 29 October to 9 November 2001, for completion and adoption. The draft decisions outline a workable set of rules for all three mechanisms under the Kyoto Protocol. There is agreement on principles as a guide for land use, land-use change and forestry activities, with limits for the controlled use of sinks to meet initial targets, and that credible and transparent accounting systems would be established. Parties have agreed to establish a Compliance Committee, with a facilitative branch and an enforcement branch. The approach to compliance is to emphasize the facilitation and promotion of compliance. Consequences of non-compliance with emission targets have been defined.

33. Agreement on these draft decisions will establish rules for implementing the Kyoto Protocol. This is expected to lead to ratification by a majority of industrialized countries. The Protocol has been ratified by 40 States (as at October 2001, including one industrialized country), and is to enter into force after ratification by 55 Parties to the Convention, incorporating industrialized countries accounting for 55 per cent of the total carbon dioxide emissions of industrialized country Parties for the year 1990. The United States of America has stated that it will not ratify the Kyoto Protocol and is developing a new approach to provide a long-term solution that it considers environmentally effective, economically sustainable and fair.

#### **E. Examination of the obligations in the light of the Convention**

34. The ultimate objective of the Convention, in Article 2, is the stabilization of greenhouse gas concentrations in the atmosphere at a level which would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.

35. The Convention establishes a global regime, which engages all countries over time in action to limit all significant sources of greenhouse gas emissions, on the basis of the principle of common but differentiated responsibilities and respective capabilities. In modifying longer-term trends, emissions from industrialized countries need to fall substantially, while in developing countries growth in emissions needs to be slowed in relation to growth in their gross domestic product. Together these trends would slow the rate of growth in atmospheric concentrations. The options for determining the level and timing of emissions reductions and limitations include

international agreement on emissions and/or concentration levels and on how the effort will be equitably shared, programmes for technological development, national policies to affect the energy mix and associated investments, market-based and regulatory policy instruments, and voluntary action.

36. The Conference of the Parties is to periodically examine the obligations of the Parties, in accordance with Article 7.2(a). It is also to review the adequacy of Article 4.2(a) and (b) of the Convention but has until now been unable to agree on how to address the second review. It may be noted that the Kyoto Protocol to the Convention requires each Party included in Annex I to have made, by 2005, demonstrable progress in achieving its commitments under the Protocol. The Protocol also requires that consideration of commitments for subsequent periods for Parties included in Annex I shall begin at the latest in 2005. The Conference of the Parties serving as the meeting of the Parties to the Protocol is to periodically review the Protocol (Article 9), with the first review taking place at its second session.

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Item 8 (a) of the provisional agenda

**PROPOSALS TO AMEND THE LISTS IN ANNEXES I AND II  
TO THE CONVENTION**

**PROPOSAL TO AMEND THE LISTS IN ANNEXES I AND II  
TO THE CONVENTION BY REMOVING THE NAME OF  
TURKEY: REVIEW OF INFORMATION AND POSSIBLE  
DECISIONS UNDER ARTICLE 4, PARAGRAPH 2 (F)**

Note by the secretariat

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## **I. INTRODUCTION**

### **A. Mandate**

1. Article 4, paragraph 2 (f), of the Convention provides that "the Conference of the Parties shall review, not later than 31 December 1998, available information with a view to taking decisions regarding such amendments to the lists in Annexes I and II as may be appropriate, with the approval of the Party concerned."

2. At its third session, the Conference of the Parties (COP), considered an amendment proposed by Pakistan and Azerbaijan to delete the name of Turkey from the lists in Annexes I and II to the Convention (FCCC/SBI/1997/15). Turkey, which is not yet a Party to the Convention, also requested the Conference to delete its name from Annexes I and II to the Convention. The request by Turkey was accompanied by a submission contained in document FCCC/CP/1997/MISC.3.

3. At the first part of the sixth session of the Conference of the Parties, the Minister of the Environment of Turkey presented new proposals which provided the basis for fresh consultations by the Rapporteur of COP 5, on behalf of the President of the Conference. After his consultations, the Rapporteur reported after his consultations that delegations had asked for more time to consult their Governments. The Conference therefore decided to request the Subsidiary Body for Implementation (SBI) to consider the issue at its next session and make a recommendation to the COP at its seventh session for definitive action.

### **B. Scope of the note**

4. This note provides background information on the sequence of events relating to the amendment proposed by Pakistan and Azerbaijan and the request by Turkey for the deletion of its name from the lists of Parties included in Annexes I and II to the Convention since the amendment was first proposed at COP 3 in 1997.

### **C. Possible action by the Subsidiary Body for Implementation**

5. The SBI is invited to consider the issue and make a recommendation to the COP at its seventh session for definitive action.

## **II. BACKGROUND INFORMATION**

6. Extensive consultations have been conducted by past Presidents of the COP and other officers acting on their behalf on the requests to delete the name of Turkey from the lists in Annexes I and II to the Convention but without coming to any definitive conclusion.

7. At the third session of the Conference of the Parties, one of the Vice-Presidents was requested by the President to conduct informal consultations on the amendment proposed but it proved impossible to reach a consensus. The Conference therefore invited the SBI at its eighth session to consider the request by Turkey and to present a report to the fourth session of the Conference of the Parties for consideration and definitive action.

8. The SBI was unable to come to an agreed conclusion at its eighth session and referred the matter to COP 4 for further consideration. Consequently, the Conference of the Parties, after considering the National Report on Climate Change submitted by Turkey, adopted decision 15/C.P.4 whereby it decided to continue the review of this matter under Article 4.2(f) at COP 5.

9. At the fifth session of the Conference of the Parties, the President offered to conduct informal consultations on the request by Turkey together with the amendment proposed by Pakistan and Azerbaijan. In spite of extensive consultations conducted by the President he announced on the last day of the Conference that Parties had not been able to reach a consensus. In recognition of the efforts made by Turkey, although not a Party to the Convention, to advance towards the objective of the Convention, the COP decided to defer consideration of this matter and requested the Executive Secretary to place the item on the provisional agenda of COP 6 (FCCC/CP/1999/6, paras. 59-63).

10. At the first part of the sixth session of the Conference of the Parties, the Minister of the Environment of Turkey, in his statement to the Conference, presented a new proposal, under which (i) the name of Turkey would be deleted from Annex II to the Convention; and (ii) the name of Turkey would remain in Annex I, but with an accompanying footnote indicating that Turkey should enjoy favourable conditions within the "common but differentiated responsibilities", taking into consideration that country's difficulties which stem from the fact that it is at an early stage of industrialization. That special status should be indicated in the same manner as had been done with the "countries that are undergoing the process of transition to a market economy" in Annex I to the Convention.

11. The Rapporteur of COP 5, who was designated by the President of the Conference to conduct informal consultations on the issue, reported that a number of delegations had indicated that they needed more time to consult with their Governments on the new proposal presented by Turkey.

12. The Conference agreed, on the proposal of the President, that the new proposal from Turkey should be referred to the SBI for consideration at its next session, with a view to the submission of a recommendation by the SBI to COP 7 for consideration and definitive action (FCCC/CP/2000/5/Add.1, paras. 83-85).

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CONFERENCE OF THE PARTIES  
Seventh session  
Marrakesh, 29 October - 9 November 2001  
Item 13 of the provisional agenda

**OTHER MATTERS**

**LETTER FROM THE CENTRAL ASIA, CAUCASUS AND MOLDOVA  
COUNTRIES ON THEIR STATUS UNDER THE CONVENTION**

**Note by the secretariat**

1. At the second part of the sixth session of the Conference of the Parties (COP 6, part two), the heads of delegation of Armenia, Uzbekistan and Turkmenistan, on behalf of the Central Asia, Caucasus and Moldova countries (CAC&M) submitted a letter dated 27 July 2001 to the Executive Secretary (see annex below). The CAC&M countries consist of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan in the Asian Group and Armenia, Azerbaijan and the Republic of Moldova in the Group of Eastern European countries.
2. The issue raised in the letter concerns the definition of the term "developing countries" as used in the Convention, the Protocol and COP decisions typically to determine recipients of financial, technological and capacity building support. The CAC&M countries seek a clear definition of the term "developing countries" or a reference to relevant legal texts containing such definition.
3. The term "developing countries" is not defined by the Convention and does not encompass all the Parties not included in Annex I to the Convention (non-Annex I Parties), since some of these are not considered or do not consider themselves to be developing countries. The CAC&M countries, for example, consider themselves to be countries with economies in transition. A number of non-Annex I Parties other than the CAC&M countries are also affected by this issue.
4. This issue is raised on behalf of the CAC&M countries with respect to "The Bonn Agreements on the implementation of the Buenos Aires Plan of Action" (decision 5/CP.6) adopted at COP 6, part two and the following decisions forwarded to the seventh session of the Conference of the Parties (COP 7) for adoption:

- (a) Capacity building in developing countries (non-Annex I Parties);
- (b) Development and transfer of technologies (decision 4/CP.4 and 9/CP.5);
- (c) Additional guidance to an operating entity of the financial mechanism

These decisions are contained in documents FCCC/CP/2001/5 and FCCC/CP/2001/5/Add.1.

5. A particular point arising with regard to the draft decision on the development and transfer of technologies is that its present formulation excludes non-Annex I Parties in Europe from membership of the Expert Group on the Transfer of Technology. (The decision provides "for three members from each of the regions of the Parties not included in Annex I, namely Africa, Asia and the Pacific and Latin America and the Caribbean.")

6. The CAC&M countries in their letter have made the following proposals:

(a) A clarification of the status of the CAC&M countries in the context of decisions on the Convention and the Protocol including those prepared by the resumed COP 6 for adoption at COP 7;

(b) If difficulties are encountered in providing such a clarification in a timely manner, a decision should be adopted by the COP at its eighth session clarifying their status;

(c) Pending formal resolution of the issue, the words "developing countries" should be substituted with "developing countries and other Parties not included in Annex I" throughout the text of the COP 6 draft decisions.

7. The COP may wish to consider the issues raised by the CAC&M countries and decide on any appropriate action.

Annex

Letter dated 27 July 2001 signed by Armenia, Turkmenistan and Uzbekistan on behalf of the Central Asia, Caucasus and Moldova countries to the Executive Secretary raising a question regarding their status under the Convention

Delegations of the CACM countries, while expressing their support to the political agreement reached at COP 6/bis, nevertheless would like once more to draw your attention to the issue of a great concern to us. Having conducted a careful review of the documents prepared for negotiations at COP 6, and having had two meetings with President Pronk at COP 6 in The Hague and at the COP 6/bis in Bonn, we are still unclear about the status of our countries with regards to certain decisions, suggested for adoption by COP6 bis.

The texts of some draft decisions of COP 6 refer to "developing countries", introducing ambiguity into the status of the above countries under those decisions. *Inter alia*, this concerns draft decisions FCCC/CP/2001/L.2 on Capacity Building, draft decision on Development and Transfer of Technology, draft decision FCCC/CP/2001/L.4 on Additional guidance to an operating entity of the financial mechanism, as well as the text of President Pronk of July 21, 2001, which was a basis for the political agreement at COP 6/bis.

We are convinced that decisions of COP 6 and COP 6/bis concerning developing countries should apply to our countries as well, taking into account our economic circumstances and the need for creating and expanding capacities to address climate change problem. We are unable to obtain a clear definition of the term "developing countries" or a reference to relevant texts containing such definition.

In this regard, we would request you, Mr. Executive Secretary, to provide us with an official legal clarification in regard to the status of our countries in the context of decisions of the UNFCCC and the Kyoto Protocol, including those prepared for adoption at the COP 6/bis.

If the secretariat encountered difficulties with providing such a clarification in a timely manner, we would consider suggesting a decision to be adopted by the Conference of the Parties at its eighth session clarifying the status of our countries.

Pending a formal resolution of the issue, we would suggest substituting throughout the texts of the COP 6 decisions the words "developing countries" with "developing countries and other Parties not included in Annex I".

Our delegations hope that this issue will be given a proper attention in the final documents of the Sixth Conference of the Parties, and note that without the appropriate resolution of this issue we would have difficulties with participation in the process and with implementation of the above decisions.

Armenia (A. Gabrielyan) (Signed)  
Uzbekistan (V. Chub) (Signed)  
Turkmenistan (A. Durdyev) (Signed)

cc: H.E. Mr. Jan Pronk  
President of COP 6